

Fletcher
George
Gerry
Gibson
Glass
Hale
Johnson
Keyes

King
Logan
McAdoo
McCarran
McGill
McNary
Metcalf

Neely
Norbeck
Nye
Overton
Reynolds
Robinson
Shipstead

Smith
Steiwer
Truman
Tydings
Walsh
Wheeler
White

The PRESIDENT pro tempore. The amendment of the House is concurred in as amended by the modified amendment of the Senator from Mississippi [Mr. HARRISON], and the title of the joint resolution is amended.

Senate Joint Resolution 113, with the amendment of the House as concurred in with the amendment, as modified, of Mr. HARRISON, is as follows:

Resolved, etc., That section 2 (c) of title I of the National Industrial Recovery Act is amended by striking out "at the expiration of 2 years after the date of enactment of this act" and inserting in lieu thereof "on April 1, 1936."

SEC. 2. All the provisions of title I of such act delegating power to the President to approve or prescribe codes of fair competition and providing for the enforcement of such codes are hereby repealed: *Provided*, That the exemption provided in section 5 of such title shall extend only to agreements and action thereunder (1) putting into effect the requirements of section 7 (a), including minimum wages, maximum hours, and prohibition of child labor; and (2) prohibiting unfair competitive practices which offend against existing law, including the antitrust laws, or which constitute unfair methods of competition under the Federal Trade Commission Act, as amended.

And the title was amended so as to read: "A joint resolution to extend until April 1, 1936, certain provisions of title I of the National Industrial Recovery Act, and for other purposes."

Mr. LA FOLLETTE. Mr. President, may I understand the parliamentary situation? Has the joint resolution been passed?

The PRESIDENT pro tempore. The situation so far is as follows: The Senator from Mississippi [Mr. HARRISON] moved to concur in the amendment of the House with a Senate amendment as modified. The Senate amendment, as modified, has been agreed to, the House amendment has been concurred in, and the amendment to the title of the joint resolution has also been concurred in.

Mr. LA FOLLETTE. I now move to reconsider the vote whereby the House amendment was concurred in with an amendment.

Mr. HARRISON. Mr. President, I move to lay that motion on the table.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Mississippi to lay on the table the motion of the Senator from Wisconsin.

The motion to lay on the table was agreed to.

SOCIAL SECURITY

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of House bill 7260, the so-called "social-security bill." I desire to state that if the motion shall be agreed to, we will not proceed with the bill today, but will do so tomorrow.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes, which had been reported from the Committee on Finance with amendments.

NOTICE OF SESSION ON SATURDAY

Mr. BARKLEY. Mr. President, in order that Senators may understand the program for the remainder of the week and make their arrangements accordingly, it ought to be stated that it is contemplated that the Senate will hold a session on Saturday next.

ADDITIONAL REPORT OF A COMMITTEE

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 7235) to amend the act entitled "An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes", reported it without amendment and submitted a report (No. 872) thereon.

SOCIAL AIMS OF ADMINISTRATION

Mr. LEWIS. Mr. President, I submit for publication in the RECORD a brief article appearing in the Washington Star of June 10, 1935, entitled "Roosevelt Explains Social Aims at Press Conference", together with a definition of the new deal by the junior Senator from Nebraska [Mr. BURKE].

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Star of June 10, 1935]

ROOSEVELT EXPLAINS SOCIAL AIMS AT PRESS CONFERENCE

By J. Russell Young

President Roosevelt today in a brief and extemporaneous statement at his press conference explained the social objectives of his administration.

"The social objective, I should say, remains just what it was, which is to do what any honest government of any country would do—to try to increase the security and the happiness of a larger number of people in all occupations of life and in all parts of the country; to give them more of the good things of life; to give them a greater distribution not only of wealth in the narrow terms but of wealth in the wider terms; to give them places to go in the summertime—recreation; to give them assurance that they are not going to starve in their old age; to give honest business a chance to go ahead and make a reasonable profit and to give everyone a chance to earn a living.

"It is a little difficult to define it, and I suppose this is a very offhand definition, but unless you go into a long discussion it is hard to make it more definite. And I think, however, that we are getting somewhere toward our objective."

His remarks were in reply to a question.

DEFINITION OF THE NEW DEAL

By Senator EDWARD R. BURKE, of Nebraska

The new deal is an old deal—as old as the earliest aspirations of humanity for liberty and justice and good life. It is old as Christian ethics, for basically its ethics are the same. It is new as the Declaration of Independence was new, and the Constitution of the United States.

Its motives are the same; it voices the deathless cry of good men and good women for the opportunity to live and work in freedom, the right to be secure in their homes and in the fruits of their labor, the power to protect themselves against the ruthless and the cunning.

It recognizes that man is indeed his brother's keeper, insists that the laborer is worthy of his hire, demands that justice shall rule the mighty as well as the weak.

It seeks to cement our society—rich and poor, manual workers and brain workers—into a voluntary brotherhood of free men, standing together, striving together, for the common good of all.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 6 o'clock and 20 minutes a. m., Thursday, June 13, 1935) the Senate took a recess until tomorrow, Friday, June 14, 1935, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 12, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father in Heaven, let us hear the voice of Thy unuttered word and feel the touch of that longing which worldly pleasure cannot satisfy; out of Thy fullness may we all receive. Enlarge our charity, ennoble our sacrifice, soften our tempers, and beautify the altars of our family life. Send out Thy light, O Lord. Let it radiate in our streets, byways, and alleys. Oh, may it lift financial fogs, clear business embarrassments, and revive heavy hearts. Hearken, gracious God; may we hear the song that the wayfarer sighs in silence and see the robe revealed in his rags. In the garden of our

hearts may the thorn become a fir tree and the brier a myrtle tree, and bless us all with the joy of a common fellowship. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 320. Joint resolution to extend from June 16, 1935, to June 16, 1938, the period within which loans made prior to June 16, 1933, to executive officers of member banks of the Federal Reserve System may be renewed or extended.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2073. An act to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes; and

S. 2796. An act to provide for the control and elimination of public-utility holding companies operating, or marketing securities, in interstate and foreign commerce and through the mails, to regulate the transmission and sale of electric energy in interstate commerce, to amend the Federal Water Power Act, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2591. An act for the relief of Lyman C. Drake.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4665) entitled "An act authorizing the filling of vacancies in certain judgeships."

ELECTION TO A COMMITTEE

Mr. SNELL. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution which I send to the desk.

The Clerk read as follows:

House Resolution 248

Resolved, That BERTRAND W. GEARHART, of California, be, and he is hereby, elected a member of the Committee on the Disposition of Executive Papers.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

PRINTING AND DISTRIBUTION OF GOVERNMENT PUBLICATIONS TO THE NATIONAL ARCHIVES

Mr. LAMBETH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6836) to provide for the printing and distribution of Government publications to The National Archives, with Senate amendments thereto, and concur in the Senate amendments, which I send to the desk and ask to have read.

The Clerk reported the title of the bill.

The Clerk reported the Senate amendments, as follows:

Page 1, line 3, strike out "That title 44 of the Code of Laws of the United States be" and insert "That chapter 23 of the Printing Act, approved January 12, 1895, as amended (U. S. C., title 44, ch. 7), be."

Page 1, line 6, strike out "the" and insert "The."

Amend the title so as to read: "An act to provide for the printing and distribution of Government publications to The National Archives."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. BLANTON. Mr. Speaker, I reserve the right to object, though I do not intend to object, but ask the gentleman to yield so that I may get some information.

Mr. LAMBETH. I yield.

Mr. BLANTON. The gentleman is Chairman of the Committee on Printing. I rise to refer to the splendid work of our colleague, Mr. CANNON of Missouri, who spent about 15 years revising Hinds' Precedents. I understood that the money was provided for the completion of the printing of

them. The plates are all up, and all that is needed is the money to print them. That is one of the most valuable works that Congress will possess, and is invaluable. What has been done about that?

Mr. LAMBETH. The bill is now on the Consent Calendar, and we hope that it will be reached next Monday.

Mr. O'CONNOR. Mr. Speaker, if the gentleman will yield, I introduced the bill and spoke to the Chairman of the Committee on Printing about it. The bill has been reported, and we hope to pass it under consent; and if not, then to pass it in another way.

Mr. BLANTON. I hope that an amendment will pass increasing the number of sets from 2,500 to 3,000. The matter is so important that I am hopeful that the gentleman from New York [Mr. O'CONNOR] and the gentleman from North Carolina [Mr. LAMBETH] will get the bill up by unanimous consent and pass it now.

Mr. LAMBETH. We hope to pass it soon.

Mr. BLANTON. The Rules Committee cannot get along without these precedents, nor can anyone else.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I reserve the right to object, to comment on the statement made by the gentleman from Texas [Mr. BLANTON]. He states that he would like to have the gentleman from North Carolina ask unanimous consent to pass the bill today. If members of the committee report bills in the usual way, they can be passed through the House under orderly procedure, but so far as asking unanimous consent to pass these bills is concerned, we are going to object to it, because it is not the correct way to legislate. We want time to consider the bills. It has been stated by the gentleman from North Carolina [Mr. LAMBETH] that this bill will come in here in the usual way, the orderly way. I hope the Membership of the House will pass it when it comes before the House, because it is a meritorious measure, but we are not going to permit under a unanimous-consent request, nor any other legislation without time to consider them carefully.

Mr. BLANTON. And my friend from Pennsylvania will be in favor of it next Monday, I hope, and then help us to pass it.

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were agreed to, and a motion to reconsider the vote by which the Senate amendments were agreed to was laid on the table.

ALIEN VETERANS—EXTENDING FURTHER TIME FOR NATURALIZATION

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2739) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932, to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 1, line 8, strike out "1936" and insert "1937."

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object. What is meant by "allied countries"?

Mr. DICKSTEIN. A number of persons of Polish descent and also of other national stocks with whom we were allied, who had been for some time living in the United States, joined the armed forces in the World War of their native nationalities, white people with whom the United States were allies in the war, and served honorably in the World War for the same cause our soldiers fought. This simply extends the short form of naturalization as a privilege to this class of cases permitting them to appear before the Naturalization Bureau and take the oath and become citizens of the United States. The law enacted during the Seventy-second Congress, extending the time veterans under our own flag to have this short method of naturalization,

has expired and this bill continues that privilege. This bill was passed by unanimous consent in the House. Every patriotic organization and the American Legion and Veterans of Foreign Wars have supported it. It is a humane act due to the veterans who served in the World War.

Mr. SNELL. This bill has passed the House and the Senate and the gentleman is asking to agree to the Senate amendments?

Mr. DICKSTEIN. Yes. The Senate feels they ought to get more time and clean them all up.

Mr. SNELL. How much is it extended?

Mr. DICKSTEIN. One year.

Mr. BLANTON. Reserving the right to object, that is 1 year in addition to the House provision?

Mr. DICKSTEIN. Yes.

Mr. BLANTON. How many will this effect?

Mr. DICKSTEIN. I do not think there will be more than several thousand.

Mr. BLANTON. How many thousand?

Mr. DICKSTEIN. About two or three, I think.

Mr. BLANTON. Does it limit it to those who served in combat service in France?

Mr. DICKSTEIN. It limits it to those who served in our war.

Mr. BLANTON. To those who actually had combat service in France?

Mr. DICKSTEIN. That is true.

Mr. BLANTON. It does not permit aliens who did only a few months uniform service to have this privilege?

Mr. DICKSTEIN. I do not believe that. If the gentleman will remember—

Mr. RANKIN. Mr. Speaker, for the time being I am going to object. I think this ought to be looked into a little more carefully.

The SPEAKER. The gentleman from Mississippi objects. NATURALIZATION OF CERTAIN RESIDENT ALIEN WORLD WAR VETERANS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2508) to authorize naturalization of certain resident alien World War veterans.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. RANKIN. Mr. Speaker, reserving the right to object, I want to say to the House that there has been too much of this frittering away of our immigration laws. From this time on no bill which affects immigration and naturalization in this country is going to be taken up and passed without due consideration if I can prevent. I object, Mr. Speaker.

INTERSTATE COMPACTS

Mr. TOBEY. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. TOBEY. Mr. Speaker, the Federal Constitution makes provision for the adoption of interstate compacts between States in various portions of the country on legislation pertaining to that section.

The recent decisions of the Supreme Court have focused attention upon the possibility of utilizing such compacts to enact legislation in the interest of labor, industry, and agriculture.

It is my pleasure today to introduce in this House such a compact embracing the New England States, New York, and Pennsylvania.

A meeting was held in Concord, N. H., a year ago and signed by the representatives of those States. These signatures made the compact an accomplished fact. It has now been ratified by the Legislatures of Massachusetts and New Hampshire, and when and if it shall be adopted by the Congress, it will become law. It will be the first interstate compact on labor legislation in the country. This compact, in the last analysis, provides uniform standards for conditions of employment, particularly with regard to the minimum wage.

Senator WALSH in the Senate and I in the House have today introduced this legislation, and I count it a privilege and an honor to so do in behalf of my State.

CENTRAL STATISTICS BOARD

Mr. HARLAN, from the Committee on Rules, presented the following report (Rept. No. 1165) on the bill (H. R. 7590) to create a Central Statistical Committee, Central Statistical Board, etc., for printing in the RECORD:

House Resolution 249

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 7590, "a bill to create a Central Statistical Committee and a Central Statistical Board, etc." That after general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Expenditures in the Executive Departments, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendments the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

CUSTODY OF FEDERAL PROCLAMATIONS, ORDERS, REGULATIONS, ETC.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6323) to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SUMNERS of Texas, CELLER, and PERKINS.

CALENDAR WEDNESDAY

The SPEAKER. This is Calendar Wednesday. The Clerk will call the committees.

Mr. VINSON of Georgia (when the Committee on Naval Affairs was called). Mr. Speaker, I think it pertinent to call to the attention of the House that the Committee on Naval Affairs is asking consideration of three bills—S. 1611, H. R. 5532, and H. R. 5730.

EXCHANGE OF LANDS BETWEEN RICHMOND, FREDERICKSBURG & POTOMAC RAILROAD CO. AND UNITED STATES AT QUANTICO, VA.

Mr. VINSON of Georgia. Mr. Speaker, I call up the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va. I ask unanimous consent that the same may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Navy is authorized on behalf of the United States to accept from the Richmond, Fredericksburg & Potomac Railroad Co., a corporation of the State of Virginia, free from all encumbrances and without cost to the United States, all right, title, and interest in fee simple in and to the following lands, together with all the right, title, and interest in and to the platted streets and riparian rights in Quantico Creek as may attach to the lots conveyed in subsection (a):

(a) Lots nos. 21, 22, 23, 38, 39, 51, 58, 59, 72, and 85 in the town of Carborough, county of Prince William, State of Virginia, as shown on the original plat filed with the condemnation of the above lots by the Potomac Railroad Co., that lie to the east of a line drawn 100 feet east from and parallel to the present center line of the Richmond, Fredericksburg & Potomac Railroad Co., purchased from the Potomac & Manassas Railroad Co. by deed dated August 15, 1871, recorded January 1, 1872, in the clerk's office of Prince William County in deed book no. 28, page 452, excepting therefrom that portion of lot no. 22, sold by the Potomac Railroad Co. to J. W. Norton by deed dated November 24, 1883, recorded in the clerk's office, Prince William County, on December 8, 1883, in deed book no. 34, page 424, which portion is more particularly designated and described as lot no. 22-A on plan marked "V. D. 41-4, R. F. & P. R. R. Co. Proposed exchange of lands at

Quantico, scale 1"=100 feet, dated October 1, 1932, revised September 4, 1933", beginning at the United States Marine Corps Reservation corner no. 154 along the boundary between the United States Marine Corps Reservation and lot no. 23, south 55°16' E., a distance of 38.3 feet to the corner of lot no. 23, the place of beginning; thence along boundary line of United States Marine Corps Reservation south 55°16' E. 131.7 feet to boundary monument no. 153 of United States Marine Corps Reservation; thence on said boundary line north 34°44' E. 141.6 feet to a point; thence leaving said boundary line north 64°46' W. 60 feet to a point; thence north 78°46' W. 48.5 feet to a point; thence south 59°54' W. 64.5 feet to a point; thence south 34°43' W. 53.8 feet to the point of beginning, containing 0.348 of an acre.

(b) That certain parcel of land lying on the west side of the right-of-way north of Potomac Avenue, town of Quantico, county of Prince William, Va., beginning at a point where the western right-of-way line of the Richmond, Fredericksburg & Potomac Railroad Co. intersects the northern curb line of Potomac Avenue; thence along said western right-of-way line in a northerly direction 316.3 feet to a point; thence at right angles in an easterly direction 20 feet to a point; thence by a line parallel to the present western right-of-way line and 20 feet east from it in a southerly direction 175.3 feet to a point; thence at right angles in a westerly direction 7.5 feet to a point; thence in a southerly direction by a line parallel to and 12.5 feet east from the present western right-of-way line, 139 feet to a point on the northern curb line of Potomac Avenue; thence in a westerly direction along said northern curb line of Potomac Avenue 13.2 feet to the point of beginning, containing 5,256 square feet, subject however, to the easement for a right-of-way for ingress and egress to the rear of the building leased to the Mutual Ice Co. over and through the above-described lot; said parcel being more particularly shown outlined in red on the map marked "R. F. & P. R. R. Co.—Location Plan Buildings, Tracks, etc., Potomac Avenue, Quantico, Va., dated November 13, 1931, no. 10-D-27."

The above properties, when transferred to the United States shall become a part of the Marine Corps Reservation, Quantico, Va.

SEC. 2. In exchange for the above-described lands, the Secretary of the Navy is authorized to transfer by appropriate conveyance to the Richmond, Fredericksburg & Potomac Railroad Co., free from all encumbrances, and without cost to the Richmond, Fredericksburg & Potomac Railroad Co., all right, title, and interest of the United States in and to the lands contained within the Marine Corps Reservation at Quantico, Va., described generally as follows:

(1) Those two small parcels of land, part of what is known as the "Shipping Board tract" as shown on the map of the United States Marine Corps Reservation, Prince William County, Va., dated June 25, 1920, signed Thomas J. Brady, Jr., Public Works officer, that lies to the west of a line drawn parallel to and 100 feet east from the present center line of the Richmond, Fredericksburg & Potomac Railroad Co., and lying within the right-of-way of said railroad company, such land being shown more particularly in yellow on the map marked "V. D. 41-4—R., F. & P. R. R. Co.—Proposed exchange of land at Quantico, scale 1"=100 feet, dated Oct. 1, 1932, revised Sept. 4, 1933."

(2) That parcel of land adjoining the present eastern right-of-way line of the Richmond, Fredericksburg & Potomac Railroad Co. between Fifth and Sixth Streets in the town of Quantico, Prince William County, Va., beginning at a point where the present southern line of Fifth Street intersects the present eastern right-of-way line of the Richmond, Fredericksburg & Potomac Railroad; thence in an easterly direction along said southern line of Fifth Street 10.13 feet to a point; thence in a southerly direction by a line parallel to and 10.13 feet east from the present eastern right-of-way line of the Richmond, Fredericksburg & Potomac Railroad 56.58 feet to a point; thence bearing to the east by a line that is at right angles to the northern line of Sixth Street 180.17 feet to a point in said northern line of Sixth Street; thence in a westerly direction 39.57 feet to the eastern right-of-way line of the Richmond, Fredericksburg & Potomac Railroad; thence in a northerly direction along said right-of-way line 239.14 feet to the point of beginning; containing 5,047 square feet, all as more particularly shown in yellow on the map marked "V. D. 41-101—R., F. & P. R. R. Co. Easement desired from U. S. Govt. of Quantico, Va., dated Sept. 12, 1932."

Mr. VINSON of Georgia. Mr. Speaker, I offer an amendment to correct a date.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia: On page 2, line 20, strike out the figure "4" and insert the figure "14."

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PORTRAIT OF THOMAS WALKER GILMER

Mr. VINSON of Georgia. Mr. Speaker, I call up the bill (H. R. 5532) to provide for the acquisition of a portrait of Thomas Walker Gilmer.

The Clerk read the title of the bill.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that this bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Navy is authorized and directed to procure the painting of a portrait of Thomas Walker Gilmer, Secretary of the Navy under President John Tyler, and to add such portrait to the collection of portraits of Secretaries of the Navy in the Department.

SEC. 2. There is authorized to be appropriated the sum of \$1,000 to carry out the purposes of this act.

Mr. VINSON of Georgia. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia: Page 1, line 9, strike out "\$1,000" and insert in lieu thereof "\$750."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF ACT OF MARCH 27, 1934, AUTHORIZING CONSTRUCTION OF CERTAIN NAVAL VESSELS

Mr. VINSON of Georgia. Mr. Speaker, I call up the bill (H. R. 5730) to amend section 3 (b) of an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes", approved March 27, 1934.

The Clerk read the title of the bill.

The SPEAKER. This bill is on the Union Calendar.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5730) to amend the act of March 27, 1934, approving the construction of certain naval vessels, with Mr. WILCOX in the chair.

The Clerk read the title of the bill.

Mr. VINSON of Georgia. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VINSON of Georgia. As I understand the rules, I am entitled to 1 hour and the gentleman from Pennsylvania [Mr. DARROW], the ranking member of the committee, 1 hour, in general debate.

The CHAIRMAN. The gentleman is correct.

Mr. TOBEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TOBEY. Mr. Chairman, I do not think the gentleman has correctly stated the rules. As I pointed out, the rules of the House governing the consideration of bills on Calendar Wednesday provide for 2 hours of general debate, 1 hour to be controlled by those in favor of the legislation and 1 hour by those opposed to it.

Mr. VINSON of Georgia. Mr. Chairman, I will state to the gentleman from New Hampshire that the control of the time will be as provided under the rules of the House, which is one-half for the chairman of the committee and one-half by the ranking minority member of the committee. I shall endeavor to see that the gentleman is granted full opportunity in which to present his views.

Mr. TOBEY. All I want is an equal division of time according to the rules of the House, Mr. Chairman.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. VINSON of Georgia. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, if the members of the committee will do me the courtesy of bearing with me for a few minutes, I shall endeavor to explain this bill so they will thoroughly understand the amendments that are proposed.

At the outset I think it important to call attention to the fact that this is an amendment to section 3 of the act which authorized the construction of ships, which act was passed on March 27, 1934, and which had for its purpose to bring our Navy up to treaty strength. That act, among other things, provided the following:

The Secretary of the Navy is hereby directed to submit annually to the Bureau of the Budget estimates for the construction of the foregoing vessels and aircraft; and there is hereby authorized to be appropriated such sums as may be necessary to carry into effect the provisions of this act: *Provided*, That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

(a) To make a report, as herein described, under oath, to the Secretary of the Navy upon the completion of the contract.

(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal-revenue laws to collect Federal income taxes.

This bill seeks to amend section 3, subsection (b) which I have just read. That is its object and purpose, and I shall disclose to you in what particular we desire to amend this bill. I may state at the outset that this bill in its major portions has the endorsement and the approval of the Navy Department and also of the Treasury Department, and there is in the files a letter from the Secretary of the Treasury endorsing the changes proposed in this bill.

It will be observed that the rules and regulations in reference to excess profits are prescribed by the Treasury Department and not by the Navy Department, so it was highly important that the Treasury Department's viewpoint be obtained in reference to these proposed amendments. Now, let us see briefly what this bill proposes to do:

Mr. Chairman, the purpose of this proposed legislation, which is recommended by the Navy Department and the Treasury Department, is fourfold. First, it relieves the surety under the contracts of the liability for the payment of excess profits. Second, it provides for the calculation of excess profits on all contracts completed during an income taxable year. Third, it authorizes the Treasury Department to make refunds of overpayments of excess profits. Fourth, it exempts from the operation of the act contractors for certain scientific equipment.

Those are the fourfold objects and purposes of this bill, and I shall endeavor to state them in chronological manner so that you can thoroughly understand the provisions of the bill.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. With pleasure.

Mr. COLDEN. On the recent letting of contracts for the building of certain ships for the Navy, Pacific coast bidders complained of excessive surety bonds. Does this bill affect the cost of those bonds?

Mr. VINSON of Georgia. Not at all; that phase is not involved in this at all. Now, I want to go back over this so the Committee can thoroughly understand what we are driving at, and I respectfully request your indulgence and patience, because this is a matter of considerable importance to the industry and to the proper handling of this enormous expenditure in the Treasury Department and in the Navy Department.

The purpose of this bill, in the first instance, is to relieve surety companies from the responsibility of seeing that the contractor pays into the Treasury excess profits.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. CARTER. Mr. Chairman, I think the gentleman from Georgia misunderstood the gentleman from California.

Mr. VINSON of Georgia. Not at all; I am thoroughly conversant with what is in the mind of the gentleman from California [Mr. COLDEN], and this bill does not apply at all to that phase of the gentleman's inquiry, not at all.

Mr. CARTER. The surety company is relieved of certain responsibilities.

Mr. VINSON of Georgia. With respect to excess profits.

Mr. CARTER. Would not the premium on the bond therefore be less?

Mr. VINSON of Georgia. It would; and that is the very reason we are bringing in this bill.

Mr. CARTER. That was the point of the question by the gentleman from California [Mr. COLDEN] as I understood it.

Mr. VINSON of Georgia. No. The purpose of the gentleman from California was to develop the thought that shipbuilders who could not give bond on account of the high premium, not dealing with excess profits.

The second proposition is to permit the Treasury Department to calculate excess profits over 1 taxable year instead of on each individual contract, as under the law today.

The third proposition is to permit a contractor who has made an overpayment of excess profits to be refunded the amount of excess profits. The fourth proposition is to exempt entirely all contractors who are engaged in the manufacture of scientific instruments from the 10-percent provision. I think it fair that I should state to the committee that the first three propositions are endorsed and recommended by the Navy Department and by the Treasury Department. The latter provision to exempt manufacturers of scientific instruments is not a departmental recommendation. While the Department—and the record bears out my statement—does not disapprove the provision, they do not approve it. They think it is a matter that can be administered by the rules and regulations of the Treasury Department. However, the committee, after listening to industry and after listening to naval officials, reached the conclusion it was highly important to exempt the contractors who make these scientific instruments so vitally necessary in having a successful Navy from this 10-percent provision.

Mr. TRUAX. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Ohio.

Mr. TRUAX. The contractors that the gentleman has mentioned make money on their contracts? They make a profit?

Mr. VINSON of Georgia. In some instances they do and in some instances they do not.

Mr. TRUAX. Why should they be exempt over other contractors?

Mr. VINSON of Georgia. I will get to that later on.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from New York.

Mr. FITZPATRICK. The manufacturers of scientific instruments that would be relieved from paying excess profits could sell their instruments to some other country after being released by this country?

Mr. VINSON of Georgia. No.

Mr. FITZPATRICK. They could not make a profit, then, by selling them to some other country?

Mr. VINSON of Georgia. No.

It became necessary, in the judgment of the Navy Department and the Treasury Department, that section 3 of the act of March 27, 1934, should be amended for the following reasons: First, the lessening of competition and the refusal of surety companies in some cases to write bonds covering contracts subject to the act of March 27, 1934; second, the increased cost to the Government resulting from the higher premium rates on such bonds; and, third, the tendency of contractors to increase their price, since a limitation of profits under the existing law on the basis of individual contracts and loss of profits cannot be recouped on later contracts.

Let us get down to the first objective of the bill. What was it? It was to relieve surety companies under a contract of the liability of the payment of excess profits. You will understand that as the law is written today a performance bond given by a contractor must carry in it a clause that the surety will see that whatever excess profits are made by the contractor will ultimately be paid into the Treasury of the United States though it may be 2 or 3 years after completion of the contract. Under the law today a contractor or a sub-

contractor is required to agree to pay into the Treasury any profit in excess of 10 percent on any contract or subcontract involving a price in the amount of \$10,000 or over.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from New York.

Mr. MARCANTONIO. What is the purpose of relieving the surety company? I did not understand that feature.

Mr. VINSON of Georgia. I am coming to that right now. It is a valid reason.

I invite the attention of the gentleman from New York to the fact that the surety company giving a performance bond is responsible for the payment of profits in excess of 10 percent of the contract price. In the case of every contract there must be a performance bond, and in addition to the performance bond there is an increased responsibility requiring the surety company to see that excess profits, if and when made, are paid into the Treasury. The surety company contends that under the law today the responsibility to see that all excess profits over 10 percent are paid into the Treasury places an additional obligation and an additional risk on them; therefore they raised the premium price and the small companies have had a hard time getting a bond. The large companies or companies with greater assets probably do not have any more than ordinary difficulty. All they had to do was to pay a larger premium, but the smaller companies could not get a bond because the bonding company raised its premium rates.

Now, how did they raise them? In one case there was an increase of rates from \$5 per thousand to \$40 per thousand. The bonding company took the position that this was an increased responsibility, and if they had increased responsibility they must necessarily be paid for assuming this responsibility, therefore, they raised their rate from \$5 a thousand to \$40 a thousand, or an increase of 800 percent.

Who pays for the premium? The taxpayers of the United States, through the Treasury, pay the premium because in every contract that the Government makes the premium is charged to the contract price in the award made by the Navy Department. So you can readily see that while the bonding company has assumed an additional responsibility it is costing the taxpayers, and it is costing the Congress in its appropriations more money to carry out these contracts on account of the higher premiums that the bonding company are demanding and this because of their increased responsibility. It is estimated that under the present set-up it will cost the Government between \$500,000 and \$1,000,000 a year more to construct these ships on account of the high rates which the bonding companies are carrying because we have put into the law the provision that they must see that the excess profits are paid into the Treasury of the United States. The Treasury Department proposes, and correctly so, to collect the excess profits just like it collects any other income taxable obligation. It may be seen that this is clearly a fair and equitable matter to permit the surety company not to be required to assume this additional obligation and the proposed amendment to the bill should be agreed to.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from New York.

Mr. DICKSTEIN. When the gentleman talks about excess profits does the Government fix an amount of profit the contractor should make?

Mr. VINSON of Georgia. The law in the original instance put it at 10 percent, and all over 10 percent must be paid into the Treasury of the United States. I am heartily in accord with this provision of the original bill, but it does not apply to sales made to the War Department, or sales made to the Coast Guard, but only applies to sales made to the Navy Department.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from New York.

Mr. FITZPATRICK. How would it affect the small contractor if it were stated in the manner the gentleman has referred to? It would come out of the Treasury and out of the taxpayers, and could not the small contractors pay that as well as the large contractors?

Mr. VINSON of Georgia. No; the small contractors are the very ones that will be benefited by this change. The small contractors have been unable to get these contracts on account of their inability to pay the enormous premiums that the bonding companies are requiring.

Mr. FITZPATRICK. But if it comes out of the Treasury of the United States—

Mr. VINSON of Georgia. It is in the interest of competition, it is in the interest of the sharpest competition, and in the interest of the small contractor to relieve him of being required to give a bond to see that the excess profit is paid into the Treasury.

Mr. FITZPATRICK. But that would come out of the Treasury, as the gentleman has stated.

Mr. VINSON of Georgia. In the long run it would; yes.

Mr. FITZPATRICK. Then why should it affect the small contractor?

Mr. VINSON of Georgia. Listen to this: Here is a case exactly in point. One company on a \$23,000 contract under the former custom was required to pay a premium of \$111. Today the premium on that \$23,000 contract is \$823. It affected the small contractor because he had to dig up \$823 to be able to get this contract, whereas in the first instance, under the old system, he only had to pay \$111.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. COLDEN. Does the chairman of the committee think that these surety companies are justified in raising their rates from \$5 a thousand to \$40 a thousand merely because of this provision with respect to excess profits?

Mr. VINSON of Georgia. That is a question that the surety company will have to answer for itself, but the gentleman will admit there is an additional responsibility, and if there is an additional responsibility, then they certainly must be paid for such additional responsibility.

Mr. COLDEN. How can it be eight times as great?

Mr. VINSON of Georgia. Of course, there is no way to regulate that. They can regulate the premium on these bonds just like they regulate the insurance rates.

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. DOCKWEILER. Has the gentleman any assurance that when we repeal this provision so as to go back to the old status quo that the surety companies will go back to their former premium rates?

Mr. VINSON of Georgia. Of course, we have, because we have already had the premium rates on such performance bonds.

Mr. DOCKWEILER. I am happy to hear that.

Mr. VINSON of Georgia. The premium rate on the average performance bond was \$5 a thousand. Requiring the surety company to be responsible for the excess profit has raised this to \$40 a thousand, and of course, no person would pay a premium of \$40 on a thousand-dollar bond under a performance contract, and that is all that the bond would be—a performance contract bond.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Ohio.

Mr. TRUAX. Is it not a fact that the rate was advanced 600 percent because of the probability that there would be excess profits that must be paid into the Treasury and for which the surety company would be responsible?

Mr. VINSON of Georgia. Not at all. The bonding company is not going out and sit over each one of these contractors to see whether or not he is making excess profits. The bonding company is going to rely entirely upon the audits of the Treasury Department. The bonding company took advantage of this situation to the detriment of the

small contractors throughout this country, because they took the position that this requirement put an additional responsibility on them and, of course, there is an additional responsibility, and they said, "If you adhere to that, then you must pay us for it."

Mr. TRUAX. But why the responsibility and why the advanced premium?

Mr. VINSON of Georgia. Just because they had the opportunity due to the fact we had put an additional responsibility upon them.

[Here the gavel fell.]

Mr. VINSON of Georgia. Mr. Chairman, I yield myself 10 minutes more.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Texas.

Mr. McFARLANE. Does the gentleman have any information as to what particular companies have been charged these excess rates?

Mr. VINSON of Georgia. I will read a portion of the testimony and I may say that it was not one company, but all of them under an agreement, and here is a concrete case:

In the case of the Ford Instrument Co., the premiums on performance bonds required on the individual contracts have been increased from one-half of 1 percent, or \$5 per thousand, to 4 percent, or \$40 per thousand, an increase of 800 percent.

I am reading to you the testimony of one of the witnesses from the Bureau of Supplies and Accounts, who has to audit these accounts and these contracts.

Now, reading further:

Edward G. Budd Manufacturing Co. reports that the surety companies have changed the bond from a supply bond, which costs one-half of 1 percent, to a financial guaranty bond, which costs \$4 per \$1,000 on the contract price subject to a maximum of 4 percent on the bond amount. It is reported that these figures are furnished by the United States Guaranty Co., while the conference companies quoted \$5 per \$1,000 on the contract price subject to a maximum of 5 percent on bond amount.

In the report of the Budd Co. it is claimed that the bonds are considered to be financial guaranties for two reasons: First, the Government auditor might not appear for 2 or 3 years after the work had been completed; and, second, the manufacturer might have made 30 or 50 percent on a contract, but by reason of heavy losses under other departments would be unable to pay back what was due the Government. A specific case is cited whereby a bond for \$22,300 executed on the old rate cost \$111.50, and then the surety later claiming that the new rate should apply, which would increase the cost to \$891.50.

So the Treasury Department and the Navy Department and the committee reached the conclusion it was nothing but fair, equitable, and just and in the interest of competition that this requirement on these sureties to pay in the excess profits should not be demanded.

Mr. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. BOLTON. I do not know whether this is the appropriate time, but may I inquire whether the committee has given consideration to the subject which I discussed with the gentleman with reference to the general material men?

Mr. VINSON of Georgia. That is in this bill and I shall come to that later on.

I now invite the attention of the gentleman from Texas [Mr. McFARLANE] to this quotation:

The committee was advised that the Pratt & Whitney Co.'s rates increased eight times by the United States Guaranty Co. and this surety declined to write a bond on an aircraft contract, containing the provisions of the act of March 27, 1934.

Now, let us come to the next proposition:

The second objective of the bill, as I have previously stated, provides for the calculation of excess profits on all contracts completed during an income taxable year. Under the act of March 27, 1934, section 3, the excess profits are determined on each individual contract. Now the bill changes the method of determining excess profits from each individual contract to contracts completed during an income taxable year.

Let the committee bear in mind the fact that under the law today the Treasury Department recovers whatever excess profit is made on each separate and individual contract,

and a contractor may have a half a dozen different contracts running along at the same time.

The Treasury Department in following out the law is compelled to audit each separate contract and determine if there has been an excess profit of 10 percent. We propose to change that and permit the excess profit to be calculated over one taxable year. That is on the recommendation of the Treasury Department and the Navy Department.

Mr. WHITE. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. WHITE. Has the gentleman any figures to show what the Government has collected as excess-profits tax?

Mr. VINSON of Georgia. No; this has just started.

This bill provides for the determination of such excess profits on the basis of one income taxable year. It is felt that under the present law there is a tendency on the part of contractors to unduly increase their prices in order to insure that they would receive a profit of not less than 10 percent on their contracts; also as the determination of profits is on the basis of individual contracts, the contractors could not, as would be the procedure under ordinary business practice, recoup actual losses under subsequent contracts, owing to the 10-percent limitation profit on each contract.

You can readily understand that. Here is a contractor who has a contract, and he knows that he cannot get but 10 percent. He knows that it must be determined on the completion of that contract. So what does he do? He raises the price of his bid so that he can be absolutely sure that he will be guaranteed the 10-percent profit and that he will at least have an opportunity to make 10-percent profit.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from New York.

Mr. FITZPATRICK. What guaranty has the Government got that they will get back the excess of 10-percent profit? Did the committee take into consideration the fact that the Government might hold up the last payment until it was decided?

Mr. VINSON of Georgia. That goes to the basic law. That was worked out in conference with all the experts of the Treasury Department. The form that it is put in was considered the most feasible and workable way.

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Connecticut.

Mr. KOPPLEMANN. In what way would the Government's interest be conserved by guaranteeing the 10-percent profit?

Mr. VINSON of Georgia. There is nothing in the law that guarantees the 10-percent profit.

It is realized that with strong competition some contractors may, in working up bids for Navy contracts, figure too closely, and thus lose money in executing these contracts. In order that such contractors may not be too severely penalized on such contracts, it is proposed to liberalize the present law by allowing them to count 1 year in which to determine their excess profits and at the same time allow them to credit the net loss, if any, incurred on naval contracts subject to the act in an income-taxable year against excess profits in the next succeeding taxable year.

In other words, the effect of the amendment would be this: Suppose a contract was let for \$100,000 for building some particular article and that contract was entered into in 1935. If it was finished in 1935, then the Treasury Department would, by this amendment which we propose, carefully examine these contracts for 1935, and all over 10 percent excess profits would be paid into the Treasury. Suppose he lost \$10,000 in 1935 and he had a contract that was completed in 1936. The amendment would permit him to carry the losses from 1935 to 1936, and the Department would reach it in this way: If his contract in 1935 was for \$100,000, and he lost \$10,000, and he had a contract finished in 1936 for \$100,000, on which he made \$20,000, then the Department would first permit him to earn \$10,000, or 10 percent on the

contract finished in 1936, and it would permit him to offset the loss of \$10,000 in 1935 against the gain of \$10,000 in 1936, so that on these two contracts, which would be \$200,000 worth of business, under the example that I have used, instead of making 10 percent, the contractor would make a profit of only 5 percent.

Mr. FORD of California. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. FORD of California. It seems to me that under such an arrangement as that anybody having a contract running over 2 years would make it a point to see that he showed a loss on the first year in order that he might gain on the second.

Mr. VINSON of Georgia. What good would it do, because he does not make any profit at all?

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. VINSON of Georgia. Mr. Chairman, I yield myself 10 minutes more.

Mr. ZIONCHECK. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. ZIONCHECK. Most contracts let out by the Navy for construction of planes or ships take over a year to complete.

Mr. VINSON of Georgia. That is correct.

Mr. ZIONCHECK. Usually the contract takes from 2 to 3 years to complete.

Mr. VINSON of Georgia. That is correct.

Mr. ZIONCHECK. So that the example the gentleman used is not applicable.

Mr. VINSON of Georgia. It is applicable for the simple reason that whatever income taxable year it is, it does not make any difference how long the contract runs, and whenever it is finished, the excess profit is determined in that taxable year. If he has sustained a loss in a previous year, he would be permitted after he has been allowed a 10-percent profit in the taxable year in which he made his profit, to offset his loss in that previous year.

Mr. ZIONCHECK. Is it not the gentleman's opinion that the greatest deterrent to excess profits in the building of naval ships is the competition of the navy yard and their smaller cost of construction?

Mr. VINSON of Georgia. This does not apply at all to navy yards. Navy yards are right. We maintain them and we must do so. We need them to haul down the cost, but nothing in this bill deals with navy yards.

Mr. ZIONCHECK. They are the best yardstick?

Mr. VINSON of Georgia. I shall not agree to that. There are good navy yards and good industrial yards, and we are not committing ourselves to building everything in Government yards. We have taxpayers in the country and they have to live just the same as people on the Government pay roll have to live.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. COLDEN. To ask a question not exactly germane. An engineering company in California and the Los Angeles Ship Yard of San Pedro last year were low bidders on three destroyers, but they did not file bonds because of the exorbitant price, as they stated. Can the gentleman give us any information as to why these rates are so high?

Mr. VINSON of Georgia. I could not. The next proposition is one that permits a contractor, if he overpays the amount determined to have been due in excess profits, to have an opportunity to get a refund. That is so fair and equitable that I would not be justified in taking up the time of the Committee in discussing it. In other words, all the Government wants is what is due to it; and if a man has made an error and has paid too much excess profits, it is nothing but honorable on the part of the Government that he be given an opportunity to have it repaid.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. CHRISTIANSON. Does not the gentleman believe there should be some machinery for regulating the rates of these bonding companies?

Mr. VINSON of Georgia. I know of no authority by which Congress can pass any law regulating the rates, because that is a contractual relationship between the Government and some private citizen.

Mr. CHRISTIANSON. Certainly, I think the Government could regulate the rates on bonds which are paid for ultimately by the Government itself.

Mr. VINSON of Georgia. It could only say that it would not enter into a contract where the rates are higher than these.

Mr. CHRISTIANSON. But it could do that?

Mr. VINSON of Georgia. Yes; it could do that.

Mr. KENNEY. It could regulate the rates of pay on the building of ships authorized by the Government, in the contract that the Government makes with individual ship-building companies.

Mr. VINSON of Georgia. The Government has the right to prescribe terms and conditions of contracts, and it can set out in any terms and conditions it desires, and it is up to the contractor whether he will accept.

Mr. KENNEY. Has not that been done up to the present with respect to providing for prevailing rates?

Mr. VINSON of Georgia. Under the code that was done, but, of course, the code has gone. Of course, the Government has authority, if it desires to do so, to write into the terms of the contract every provision that was in the ship-builders' code. It could set those terms up as a condition on which the contract is made.

Mr. KENNEY. Does not the gentleman think we ought to do that?

Mr. VINSON of Georgia. I cannot answer that now. I will state to the gentleman that I have prepared a bill dealing with that, but I have not yet introduced it.

Mr. FORD of California. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. FORD of California. Why is it that we give the ship-builder an advantage we are not giving anybody else? I lost money this year and I cannot charge it off next year.

Mr. VINSON of Georgia. Of course, the gentleman can. We are doing nothing more than putting him exactly on an equality with any other income-tax payer. Of course, the gentleman has a right, under the income-tax law, to carry forward his loss, to offset his losses. Now, let me say this so that it can be thoroughly understood—

Mr. DELANEY. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. DELANEY. I think the gentleman from Georgia is in error in making the statement he did to the gentleman from California.

Mr. VINSON of Georgia. I mean his losses for that income taxable year.

Mr. DELANEY. I am afraid the gentleman did not understand the question which the gentleman from California asked. I think he might clarify that before going further.

Mr. VINSON of Georgia. If I misunderstood the gentleman, I shall be glad to correct any wrong impression.

Mr. FORD of California. Are we not giving the ship-builder an opportunity to make losses in one year and gains in another, and then use the losses to take up his profit?

Mr. VINSON of Georgia. Assuming we are, are we not holding him down as to the amount of profit he can make? We are holding him down to not over 10 percent, so that he cannot make over 10 percent. In other cases, the sky is the limit as to profits.

Mr. THOMPSON. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. THOMPSON. Will a ship-builder have to pay the regular income tax on the 10 percent?

Mr. VINSON of Georgia. Of course; yes.

Now, let me say this so that it can be thoroughly understood. These provisions which I have been discussing are

recommended to you by the Treasury Department and the Navy Department.

Mr. McFARLANE. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. McFARLANE. I believe the gentleman is slightly erroneous in that statement to this extent, that while one of their representatives was before our committee the Treasury Department representative, Mr. Moore, who was before our committee, was trying to work out an amendment as suggested by the Judge Advocate General of the Navy; but the Treasury Department, as I understand it, was trying to work out some kind of a program in keeping with the wishes of the Navy Department, and is not sponsoring any legislation before this Congress at this time.

Mr. VINSON of Georgia. In reply to the gentleman I will state that in the hearings is a letter from Secretary Morgenthau.

Mr. McFARLANE. Will the gentleman put it in the RECORD, please?

Mr. VINSON of Georgia. I will put it in the RECORD. It was in the RECORD when the gentleman was listening to this bill being discussed. It endorses every word that I have said with reference to the amendments to this bill. The Treasury Department and the Navy Department endorse these provisions which I have been discussing. As I said in my opening remarks, there is this provision which is not endorsed by the Navy Department and which is not endorsed by the Treasury Department, but the Navy Department and the Treasury Department reached a decision that it was a matter for Congress, and if Congress saw fit to do so, they had no objection to it. Now, what is that provision? I think probably this will be the only phase of the bill over which there will be any controversy. This is very important. The committee proposed this amendment after long hearings. Bear in mind that this 10 percent relates to all character of contracts that an individual makes in regard to airplanes and the construction of ships:

And provided further, That this section shall not apply to contracts or subcontracts for scientific equipment used for communication, target detection, navigation, and fire control as may be so designated by the Secretary of the Navy, and the Secretary of the Navy shall report annually to the Congress the names of such contractors and subcontractors affected by this provision, together with the applicable contracts and the amounts thereof.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. VINSON] has again expired.

Mr. VINSON of Georgia. Mr. Chairman, I yield myself 5 minutes more, and then I must conclude.

Now, this is the reason why the committee asks you to adopt this exclusion of scientific-instrument feature from the provision of the 10 percent. It is of vital importance. It goes to the very heart of keeping the Navy abreast with the latest scientific developments that the engineering ingenuity and genius of men in this country can bring about. The efficiency of the Navy and national defense as a whole depends upon the advancement in scientific-instrument fields. This is particularly true in the Navy with reference to the art, first, of fire control, which requires higher developed instruments, such as target detection, range control, range keeping, range finding, and coordination of gun-fire.

In using the words "fire control", it means all those scientific instruments that are developed to locate the range, the control of the range, and all matters of that technical, highly developed art.

It provides for that in contracts under what is known as "ship control", which pertains to the interior communication within a ship, compasses, flying instruments and navigation instruments, air control, which has to do with radio both in ships and airplanes, and flying instruments for aircraft. In order to advance in those arts, research development along particular lines is necessary for continuous improvement. To carry on such research-development work requires the expenditure of large sums of money. Some of this work will result in success, while some will result in failure. These instruments are not made the first time some genius and some inventor seeks to develop them.

It takes long years of time to make them and costs hundreds of dollars in engineering talent to develop them so that industry may receive returns from funds invested in research and development. It is necessary to allow them to have credit for funds expended on failures, in other words, research.

The Government does not possess facilities to carry on such work, nor does it have at its command the required inventive genius necessary for the full and complete research and development work to continually get the best scientific equipment were it to have the required facilities and the necessary funds. For this reason the committee considers it equitable, both to the Government and to industry, to exempt, in determining excess profits, contractors for certain scientific equipment which requires extensive research and development for perfection, such exemption to be determined by the Secretary of the Navy, with the proviso that Congress shall be informed annually of all cases so exempted.

Now we propose to give these makers of scientific instruments that are designated, exemption from this 10-percent provision, and we propose to permit the Secretary to enter into contracts with them on that basis. The Secretary necessarily will have to report to Congress the exemptions. So we seek to safeguard it. We have brought it down to only four things that are used in the Navy, but they are so highly technical that it is absolutely necessary that these companies be not required to limit their profits to a mere 10 percent, because they may lose hundreds of thousands of dollars a year in scientific development. If they have no way in which to recoup the loss they would cease their engineering investigations and the country would suffer because it would not be able to keep abreast of modern scientific developments.

Mr. Chairman, I reserve the balance of my time.

Mr. DARROW. Mr. Chairman, I think the distinguished Chairman of the Committee on Naval Affairs [Mr. VINSON] has gone into this bill in its various details in a most thorough, and, to me, a most convincing manner. Personally, I am very much in accord with the views he has expressed. I think it is in the interest of our Government and will correct certain conditions which to me seem to be detrimental to our keeping abreast of the times in the development of scientific equipment used for communication, target detection, navigator and fire control, particularly as they apply to aircraft development, and which are so essential to the efficiency of our Navy and protection of its personnel. It does seem to me consideration should be given to the experimental work that is always necessary in order to maintain the highest standards of naval efficiency; and the final provision of the bill, in this respect, appears to me to be very essential.

Mr. Chairman, I yield 15 minutes to the gentleman from New Hampshire [Mr. TOBEY].

Mr. TOBEY. Mr. Chairman, while the gentleman from Pennsylvania has allowed me 15 minutes, it is very probable that I shall ask unanimous consent to continue longer, for the reason that I think it is appropriate that I have sufficient time to deal properly with this subject in view of the history of this amendment.

One afternoon in January 1934 as I sat in this Chamber the Vinson bill was under consideration.

For many years I have known of the great amount of money that had been expended by certain shipbuilding, aircraft, and other large interests in this country to influence legislation, to corrupt men in public life, to send men overseas to disrupt a Geneva conference, to bring about not peace but rather to foment war through their sales of munitions, ships, and aircraft to foreign governments.

Late in that afternoon I talked with a friend from the press gallery, Mr. Edward Lewis, of the United Press, and also with my son. With an earnest desire to do something to thwart such practices we united in an effort and drew up an amendment to the bill, which I offered on the floor of the House and fought through. The House by a large majority adopted

the amendment. So much for the origin of the Tobey amendment to the Vinson Navy bill.

After passage in the House we thought we had won, but we were misled. The bill came up in the Senate Naval Affairs Committee for sudden hearing, and there was Henry Roosevelt, Assistant Secretary of the Navy, speaking through a letter offered by Admirals Land and Standley, opposing this amendment, and the admirals joined in this opposition. I took the floor there and urged its adoption. It was approved by the subcommittee, and later by the full committee.

Again we thought we had won, but it went to conference. The point is that the bill finally came out of the Senate with the amendment reported advocating the 10-percent limitation. My amendment had been much improved by the Senate, and I had conferred with several of them on the subject. But, as you all know, the place where legislation is finally shaped is in the conference committee.

While this bill was before the conference committee a proposed amendment was sent down from the office of the Director of the Budget, accompanied by a letter stating that the enclosed amendment had his approval, and he hoped it would be accepted as a substitute.

This amendment consisted of 35 lines, and in 3 of the lines of this amendment we found verbiage which, if it should become law, would entirely emasculate the provisions of the 10-percent limitation on profits.

Under the proposed amendment which affected any 2 successive income-tax years they could have made 49 percent each year and even more.

When this was discovered I called at the Budget Director's office and conferred with him, and the man who drafted the amendment, and finally he assented to my position, and the amendment was later withdrawn.

When the conference report was brought on the floor of the House I found that the conferees had exceeded their authority under the rules of Congress and had written into the bill two provisions, one of which would have postponed the date at which the bill would be effective, until June 30, some 3 months thereafter. In this time millions of dollars' worth of contracts could have been awarded, all of which would have been exempt from the profit limitation; and the second proposal was to limit the amount of the contracts effective under my amendment to \$50,000. After conferring with the Navy Department I learned that this would have nullified probably \$100,000,000 of contracts under the Vinson bill and make them also exempt from profit limitation.

I made a point of order against these provisions, and Speaker Rainey sustained me, and the bill went back to conference and these features were eliminated.

So, in final form, after many vicissitudes, and having to overcome many obstacles put in its path, the 10-percent limitation of profits was written into the bill, and is now the law.

This is the history of my amendment to the Vinson bill of 1934.

The gentleman from Georgia, who preceded me, the Chairman of the Naval Affairs Committee [Mr. VINSON], speaking here today for this bill, took up first the exemption of surety companies for liability. I will take up first the surety feature, and I challenge the arguments which the gentleman made. He called attention to the fact that the surety companies issued bonds for the performance of contracts and that the Treasury Department ruled that the recovery and return to the Treasury of excess profits was an obligation under that contract. When this profit-limiting law passed these surety companies got together, through their conference board, and set up new rates for these surety bonds. They jacked them up 800 and even 1,000 percent.

I ask the gentleman from Georgia [Mr. VINSON] why that was justified. Some of the Members have asked him the same thing on the floor today. In the hearing room, when his committee was considering this matter, the gentleman from Massachusetts [Mr. ANDREW] asked Admiral Bloch, of the Navy Department, why it was necessary to jack up these insurance rates. Then Chairman VINSON asked the admiral this question:

Why are the bonding companies getting together and hiking up the prices, which is not justified, because the risk is not very much greater than it was before, is it?

The admiral's answer was that the contention was made by the surety companies that their risk was increased; it was also contended that some of the contracting companies involved may go broke 2 or 3 years after the contract had been completed, and then the surety would have to come forward and make good the excess profits. Then the gentleman from Texas [Mr. McFARLANE] asked him very pertinently, "Has that ever happened?" And Admiral Bloch conceded that it could not, because the bill has only been in effect 1 year. I was there in the room when Admiral Bloch was giving his testimony, and there were many surety-company representatives there. The admiral called attention to this and said he recognized seven or eight of them. Now, Mr. Chairman, would you not naturally feel that when the several members of the Naval Committee raised such questions that these surety-company representatives would have taken the floor and defended their jacking up of rates to 800 percent? But no; not one of them got up. They were as silent as oysters. They were as men dumb. But who presented their case in that hearing room? Admiral Bloch, of the Navy. He was their spokesman there. Why did not these surety men there get upon their feet and state their case, subjecting themselves to the cross-examination of those members of the Committee who were present? This shows the farce of the whole thing. Admiral Bloch gave very little excuse for the highjacking of these rates. He simply voiced their contention and said, "They claim that it is due to the risk."

Mr. Chairman, the Navy took this thing lying down. I thought the Navy connoted fight, but they supinely surrendered in this matter.

Mr. Chairman, I submit the jacking up of these rates is eloquent testimony that there will be excess profits under the Vinson naval building program. If the surety companies did not believe there would be increased profits, why would they raise the rates? Their action proves the need for the Tobey amendment limiting the profits to 10 percent. Based upon this percentage of jack-up, which, according to the statement of the gentleman from Georgia [Mr. VINSON], is 800 percent, I submit that jacking up these premiums 800 percent is simply evidence of the likelihood and assurance of excess profits. Based on their 800-percent rate increase, it would indicate that the probability of excess profits was 800 times greater under the Vinson bill than before the Tobey amendment prevailed. I challenge this proposed surrender to the surety companies.

Mr. FORD of California. Will the gentleman yield?

Mr. TOBEY. I yield to the gentleman from California.

Mr. FORD of California. Is not the Vinson bill a very effective bill for the carrying out of the things that the Congress had in mind?

Mr. TOBEY. There is no question about that; and I think I will prove the gentleman's position and mine in this matter before I get through.

Mr. TRUAX. Will the gentleman yield?

Mr. TOBEY. I yield to the gentleman from Ohio.

Mr. TRUAX. The gentleman stated that there were several Representatives in this body representing surety companies at the hearing.

Mr. TOBEY. No. There were 7 or 8 representatives of surety companies at the hearings.

Mr. TRUAX. I misunderstood the gentleman.

Mr. TOBEY. Mr. Chairman, as to the second recommendation of the Naval Committee, the present profit-limiting amendment provides for determination of excess profits on each contract by itself. The contractors want the right to offset losses in 1 year against profits in 1 year. This bill further provides that losses incurred in 1 year, say 1935, should be held as a set-off, or as a sort of suspense account, against any profit occurring in the following year—say, 1936. This feature offers opportunities for manipulation and thimble rigging by the contractors. Suppose the gentleman from Iowa [Mr. BIERMANN] is a contractor, and he

had a naval contract coming due in December this year. Suppose he is quite sure he is not going to make a profit.

Suppose, further, that he also had a contract for a battleship coming due in 1937 and could not get it done before that. He would say, under those circumstances, "I want to hold this loss and chalk it up against the profit 2 years from now, not 1 year." Therefore he will slow up work on the 1935 contract so it will be completed early in 1936 and apply it to offset the profit he may make on the contract he will finish construction under in 1937. The whole purpose of these amendments in this bill before us today is to set aside the Tobey amendment in the Vinson bill. As I stated, these new amendments present opportunities for manipulation and thimble rigging.

Mr. Chairman, I believe the present law is sound and just, and that each contract should stand on its own feet. These contractors will look out for themselves. There is no need of the Government becoming a nursemaid to them. It is up to them to figure their contract, based on the specifications, and to secure a profit.

Here is something that very few Members of this House realize, and I do not believe all the members of the committee know it either, speaking of the likelihood of loss and profit.

The Navy Department put into effect in 1934—almost coincident with the beginning of the great naval program under the Vinson bill, which will involve an expenditure of \$1,000,000,000—the adjustment-cost basis in connection with contracts. Under this new plan every contractor under the Vinson bill can go to work and make his bid, and if he gets the contract then, as he goes along, in the next 2 or 3 years if, in contrast to his contract terms, he finds his labor charges are higher and his materials cost him more, all he has to do is to make a sworn statement to the Government to that effect and he will be paid all the increased cost.

Let them leave the Vinson bill alone as it now stands, because they are almost guaranteed immunity from any loss by reason of this new basis I mention.

The third recommendation, as the gentleman has stated, is the nub of the whole thing. It eliminates scientific equipment for communication, target detection, navigation, and fire control, subject to designation of the Secretary of the Navy.

The gentleman who framed this amendment and who presented it to the committee was no less a man than Mr. Gillmor, the head of the Sperry Gyroscope Co., and a former naval officer. You will find that many of these great concerns have as the key men in their organizations former naval officers. This gives them a point of contact here in Washington. I mention this as nothing against him. I honor him for the association, but the fact remains he is a former naval officer, and he states that he represents 400 manufacturers in this matter, and they contend through Mr. Gillmor that they have spent large sums in research and development of products, and that they cannot include these in their costs. The facts are that the Treasury Department specifically allows the prorating of these charges into the costs of every contract, and Mr. Gillmor later admitted this, and also on cross-examination he stated that if experiments cover 3 or 4 years, the proportionate part of the expense would be allowed. What could be fairer than this?

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. TOBEY. I yield.

Mr. VINSON of Georgia. I am inclined to think the gentleman's statement is a little misleading, although the gentleman does not intend it, of course. If a contract is accepted on the finished article, the experimental cost is permitted; but if the contract is rejected, then it is not permitted.

Mr. TOBEY. The gentleman is correct.

Mr. VINSON of Georgia. And expenditures on experiments that fail to bring forth a satisfactory offer are not allowed.

Mr. TOBEY. I may add that the gentleman is a little ambiguous in his statement, although not intentionally so, because the fact remains that the Navy Department has spent

approximately \$20,000,000 in payment to concerns for experimental work, some of which is never accepted.

Now, going on, most of the scientific manufacturers are operating under patents granted by the Government, and thereby they are given a monopoly, and if you put in this limitation exempting this scientific work, they can charge the blue sky, 2,000 percent profit or more, and there is nothing at all to hold them down.

To confirm this, one company sold 76 radios to the Government at \$832. Under this amendment this company would be immune.

What this association of 400 manufacturers, represented by Mr. Gillmor, really wanted to do was to charge the entire burden of this work to the Government itself, and I protest against this. They want to make our Treasury an inverted pyramid and put all their burdens on the Government.

I hope the gentleman from Texas [Mr. McFARLANE] in his remarks will bring in the question he asked of Mr. Moore, of the General Counsel's office of the Bureau of Internal Revenue, who confirmed this statement in the hearings in response to a question by Mr. McFARLANE.

One of the most pertinent questions asked in the hearings was asked by the gentleman from Massachusetts [Mr. ANDREW], who made this remark:

Is there anything in connection with ships or aircraft not subject to scientific investigation and possibility of development?

This was answered very conclusively by Captain Bowen, of the Navy. Let me read you his testimony on this point.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. TOBEY. I yield.

Mr. VINSON of Georgia. As a matter of fact, the scientific instruments are enumerated in the bill.

Mr. TOBEY. Yes.

Mr. VINSON of Georgia. And the provision is not open to the criticism the gentleman is now endeavoring to make, because it is limited to four different things.

Mr. TOBEY. But the four different things cover a multitude of sins, as I shall point out before I get through.

Here is the answer to Mr. ANDREW's question, by Captain Bowen, who is the Assistant Chief, Bureau of Engineering, of the Navy Department.

I have a short statement prepared, Mr. Chairman. In order to make clear to the committee the position which the Bureau of Engineering occupies in connection with these hearings, I wish to state that the Bureau of Engineering is charged with all that concerns the propulsion machinery, auxiliary machinery, with certain exceptions; radio, sound, searchlights, generation and distribution of light and power, interior communication, and fire control up to the mounts of the gun. This is a general and not a specific description.

The Bureau of Engineering has dealings from time to time with most of the industries represented before this committee. From the point of value it probably has more contracts with these industries than all the other bureaus put together; that is, the heavy industries and equipment.

Since the enactment of the 10 percent profit clause of the Vinson bill no company has refused to bid on any contract, as far as this Bureau is concerned, due to the 10 percent profit clause; therefore there are no facts available to substantiate any statement as to whether or not the 10 percent profit clause has had any effect on economy and efficiency of that part of the naval administration represented by the Bureau of Engineering.

[Here the gavel fell.]

Mr. TOBEY. Mr. DARROW, I bespeak from you enough time to present this case decently and in order. It is an important matter and I am only half through.

Mr. DARROW. Mr. Chairman, I yield the gentleman from New Hampshire 10 additional minutes.

Mr. TOBEY. I do not know about these time-limit rules, Mr. Chairman. What we are after in this House is the truth, and I am not going to be tied by any 10-minute rule. I want to give you the facts, the honest-to-God facts, in refutation of some of these statements that have been made by ship manufacturers and others.

Now, Captain Bowen says further:

This Bureau is loath to see any discrimination between the various branches of industry. Research, experimental, and develop-

ment charges are not restricted to any particular branch of engineering. It is not an uncommon event for engine builders and boiler makers to find that they are confronted by heavy research and development charges long before any contract is awarded. It is not unusual for a contract with heavy industry to prove some months after award of contract that it is really a development contract.

Then Mr. ANDREW asked him this question:

For instance, on such matters as equipment, range finders, is there not more opportunity for research in the matters of scientific equipment than in the field of actual construction of the vessel? I think the range finders are very complicated instruments.

Captain BOWEN. I do not think I can say that more research is connected with producing a range finder than a new boiler or a new engine. There is an enormous amount of research work going on all over the world in metallurgy.

Now, Mr. Chairman, these 400 manufacturers of scientific instruments have asked for this exemption, and I again point out the testimony that scientific experimental work has been permitted to be charged against costs by the Treasury, and, furthermore, that many millions of dollars have been paid by the Government for experimental work by private companies in recent years.

This amendment which is being discussed states what this scientific exemption covers, and I submit this question to the gentleman from Georgia. In his report he makes the statement, which I think is misleading, that this bill meets with the approval of the Navy Department, as is indicated by the letter of the Secretary of the Navy. It does no such thing in my judgment. The letter referred to and made a part of the committee report was written before this bill was before us, and there is not a single mention in the Secretary's letter of this amendment exempting scientific instrument manufacturers.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. TOBEY. Yes.

Mr. VINSON of Georgia. Does not the gentleman think the construction that he puts on it is not justified, because I distinctly stated in the beginning that the committee assumed complete authority for the scientific instruments and said that the Navy Department did not recommend, nor did the Treasury Department at that time recommend, the last proviso in the bill.

Mr. TOBEY. I accept that statement, but the report says the contrary.

Now, on page 3 of the committee report, in qualifying this scientific exemption, the gentleman states:

This is particularly true in the Navy in reference to the arts of (1) fire control, which requires highly developed instruments for target detection, range control, range keeping, range finders, and synchronizing of gunfire; (2) ship control, which pertains to interior communications within the ship, compasses, flying instruments, and navigational instruments; and (3) air control, which has to do with radio, both in ships and airplanes, and the flying instruments for aircraft.

Does that include aircraft or aircraft engines?

Mr. VINSON of Georgia. No.

Mr. TOBEY. What does that include?

Mr. VINSON of Georgia. I may not be able technically to explain it, but I thought I made it so plain that it would show exactly what it does control. I know that it would not include aircraft engines, but that is a matter to be left to the Secretary of the Navy.

Mr. TOBEY. Not to the Secretary of the Navy. It should be left to Congress. The Secretary of the Navy is not telling us, we are telling him.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. TOBEY. Yes.

Mr. FITZPATRICK. Did the gentleman vote for the Vinson bill?

Mr. TOBEY. I did.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. TOBEY. Yes.

Mr. McFARLANE. In this scientific-instrument clause, let me call the gentleman's attention to these words, which I think are sufficiently broad to bring all of these concerns,

including Navy equipment, under this limitation, and that is the purpose of it.

Mr. TOBEY. I know.

Mr. McFARLANE (reading):

And provided further, That this section shall not apply to contracts or subcontracts for scientific equipment used for communication, target detection, navigation, and fire control as may be so designated by the Secretary of the Navy, and the Secretary of the Navy shall report annually to Congress the names of such contractors and subcontractors affected by this provision, together with the applicable contracts and the amounts thereof.

And that covers 100 percent of the contract.

Mr. TOBEY. That is the intent of my position.

Hardly had the Vinson bill become law—containing my amendment limiting profits—before the large contractors had a conference seeking to meet the situation brought about by the profit-limiting amendment. Representatives of the Big Three, Newport News, Bethlehem, and New York Shipbuilding, were in attendance, as well as some of the lesser concerns, Westinghouse, Sperry Gyroscope, Electric Boat, and others. The shipbuilders got together and wanted to definitely decide what predetermined proportion they would agree upon as an overhead charge. A discussion was held as to what factors were going to be allowed to be put in as overhead to keep down profits, and finally Mr. Powell, of United Dry Dock, said:

This will go along all right until somebody turns back money.

Mr. Gillmor said:

I think the only thing to do is to act in unison.

Mr. Smith testified:

It seems to me very desirable that, so far as the outstanding items of overhead are concerned, there should be unanimity of opinion.

Later on in this discussion, Mr. Gillmor again said:

If the shipbuilders, boiler manufacturers, and electrical manufacturers act in accordance with uniform rules it will be so strong that I think the Income Tax Bureau would have a hard time resisting it.

Mr. Bardo said, referring to Gillmor's statement:

They could not break it down.

And further adds—

I think we should get our accounting officers together first and we should get our shipbuilders on a uniform plan.

Mr. Smith asked Mr. Homer, "What do you think about it?" Homer replied that the method of determining the 10-percent profit is to be established by the Treasury Department and the obvious thing is that the industry would have to establish something for its protection.

Mr. Blewitt, speaking for Newport News, made the point that shipbuilders could definitely agree upon an overhead that was normally uniform but was definitely considerably higher for Navy work than for merchant-marine work, and testimony was that he was trying to get it on a fixed basis higher than other work, 20 percent. Mr. Smith showed considerable anxiety that everything was going to be put into cost by everybody, so that some of the shipbuilders should not charge too little; and he said:

I would not do that. This group ought to go away satisfied as to what items should go into cost. Each and every one of us should be assured that we are going to put into cost everything that should be put there.

A little more interesting information—Mr. Shick, of Bethlehem, makes the point:

We should decide what we are going to do. For our own protection it would be a good thing if we did have an understanding, so that on the completion of these contracts the overhead rates will not be out of line. If Bethlehem had 60 percent, Newport News 50 percent, and somebody else 40 percent, they will ask what is wrong.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. TOBEY. Yes.

Mr. LUNDEEN. It was collusion to gouge the Government.

Mr. TOBEY. Yes; and gouge the taxpayer.

Mr. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. TOBEY. Yes.

Mr. BOLTON. What is the gentleman's thought with reference to the material man, the subcontractor, who supplies material for the finished subcontract?

Mr. TOBEY. I think he should come under the 10-percent limitation.

Mr. BOLTON. In other words, the man with a general contract for steel should agree under the terms of subsection (e) that he should limit his profits to 10 percent to the subcontractor?

Mr. TOBEY. Yes, sir.

Mr. BOLTON. Of course, that is quite contrary to ordinary business practice.

Mr. TOBEY. I mean that only a subcontractor producing materials or goods to be used in performing a contract awarded under the Vinson bill should be subject to the profit amendment.

I am trying to bring out here that back of all this are master minds representing these great concerns, and they get together to act very much as a unit. There was a man here by the name of Homer, a representative in Washington for shipbuilders. Homer came down to Washington, and he wrote a letter back to the Bath Iron Works at Bath, Maine, in which he told the president of that company:

From what I can gather we are going ahead to a full treaty strength Navy, and we are going to do it quick. I think it would be very wise for you to come down to Washington in the near future and talk to the gang.

Talk to the gang! Before the Nye committee they put him on cross-examination and asked him, "Who do you mean by the gang?" He would not answer until he had consulted counsel. After he had consulted counsel, he said he referred to admirals in the Navy Department in Washington.

Referring to Mr. Bardo, I quote further from a speech by Senator NYE on May 22 as follows:

Mr. Bardo, the president of the New York Shipbuilding Co., after weeks—yes; months—here in Washington, getting his share of the plunder, or arranging for bids upon the ship contracts that were to be advertised, reported in June of 1933 what was to be expected in the way of awarding the contracts for shipbuilding by the Navy Department in a letter to the chairman of the board of directors of his corporation. I read but two paragraphs from his letter:

"I know from my talks with some of the representatives of the Navy—"

And it turned out that they were the same men to whom Mr. Homer referred as "the gang"—

"I know from my talks with some of the representatives of the Navy, who are keenly interested in this work, that they are desirous of finding some substantial reasons for awarding this work to the largest possible extent to private yards upon whom they must rely for the necessary engineering to complete the ships."

"There was also expressed to us the desire that the builders themselves should get together and agree, as far as we could, on what each would bid, and then bid on nothing else."

Mr. Bardo did undertake to tell the chairman of his board of directors, 10 days before the bids were opened, just what ships each of these "big three" shipbuilders would get; and then, to make it clearer to his chairman, he undertook in the same letter to show what the break-down, the division between the three companies, would mean in dollars; and he said:

"This new work would amount approximately to the following values:

"Newport News, \$30,000,000.

"Bethlehem and New York Ship, \$28,000,000 each, although the final estimates may slightly change these figures."

I defy any Senator, upon reaching his home tonight, to take a pie or cake and cut it into three more equal parts than that pie or cake was cut into by the shipbuilders 10 days before the bids were opened; and when, 10 days later, the bids were opened, it was revealed that Mr. Bardo had not missed his guess by a single, solitary ship! To the last ship he knew which company was going to be awarded the contract.

Here is my plea in closing: The amendment now in the law, which limits profits to 10 percent, was a timely measure. It was passed coincident with the bill and made a part of it. I cannot admit the soundness and fairness of these new amendments. I believe this bill is an attempt to make an opening wedge to emasculate the limit clause of the bill. I believe it is a letting down of the bars and, unless we stand guard, will nullify this legislation, which has been so sorely needed and which means so much in the interests of the taxpayers of this country.

I ask the House to vote down this bill, to see this thing not as the Navy Department, not as the shipbuilders and supply

men that bid on Navy contracts, but in the light of the tremendous profits made on aircraft, steel, and shipbuilding contracts for many years in this country.

I ask you to hold fast and maintain this constructive profit-limiting amendment as a component part of the Vinson bill, just as it passed the House and Senate and as it received the approval of the President.

Preserve this amendment which is in the interest of the taxpayers of the Nation.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. TOBEY. I yield.

Mr. ZIONCHECK. Does not the gentleman feel that this assures a profit in war, and that the real limitation is not the 10 percent, but that the Government should come in and manufacture its own munitions and supplies and take all the profits out of war?

Mr. TOBEY. In my own opinion, that is the only way to get rid of these people.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. TOBEY. I yield.

Mr. VINSON of Georgia. The gentleman gave some information with reference to collusion among shipbuilders. We are trying to prohibit the same kind of collusion among bondholders. Under the gentleman's argument, he is in favor of permitting them to form a collusion to charge high prices.

Mr. TOBEY. The gentleman is entirely out of order in saying that. I made the point to you that the thing to do was for the Government to stand up and fight and put them down in their seats. They had no justification for such rate increases.

The CHAIRMAN. The time of the gentleman from New Hampshire [Mr. TOBEY] has again expired.

Mr. DARROW. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. Mr. Chairman, the so-called "Tobey amendment" was adopted in the House without any consideration, without any opportunity to study the possibility of its effects upon the Vinson bill. As a matter of fact, I think it is the most unintelligent piece of legislation I ever saw. The purpose of the amendment may have been very high, although there are many who were behind that amendment—and I do not include its author—but there were many who inspired that amendment, whose purpose was, not to save the Government or the taxpayers money but to hamstring the Navy. The purpose of the Tobey amendment, or, at least, its effect, is to destroy the efficiency of the American Navy. I call attention to the fact that there is no other nation on the face of the earth that has any such restriction.

Mr. TOBEY. Will the gentleman yield?

Mr. MAAS. I yield.

Mr. TOBEY. I want to read the testimony of Mr. DELANEY, a distinguished member of the committee, on the point that the gentleman just spoke of:

You know that an amendment was passed in the House recently, presented by Congressman TOBEY, of New Hampshire, which would limit the profits of these manufacturers to 10 percent. That will save the Government a considerable amount of money. It will tend to put these manufacturers and these men who have been supplying material to the Departments of the Navy and the Army on guard to watch what they are doing in the future.

Mr. MAAS. I do not remember in what connection that testimony was offered. I know that by itself it means nothing, being offered here at this time in this manner. I know that the gentleman to whom the gentleman refers is as substantial an American as there is in this House.

The American Navy is not an aggressive instrument. We have a Navy solely to defend against invasion of our own shores. We are not trying to build a Navy that can go out for conquest. We do not want the territory of any other nation; but we do not propose to have anybody else take one inch of our territory. We are going to have a Navy that will see that they do not. We want peace. We want to be let alone. We are going to have a Navy that will insure our being let alone. The effect of the Tobey amendment, which we are trying to correct today, is to lessen competition. As a matter of fact, if there is collusion in Navy

bidding, to retain the present provisions will stimulate and increase the collusion.

When you place such a restriction as 10 percent, without the opportunity to recapture when there is loss, you induce and enhance the opportunity, almost create the necessity for collusion. Just think of it! A contractor makes a product for the Government this year and loses 30 percent. Next year he gets a contract and, perhaps, makes 15 percent. He is allowed to take only 10-percent profit. Under our proposal he will be permitted to charge so much of that loss of the year before in the excess profit. He will not make a profit on the first year's business. All he has an opportunity to do is to recapture the loss of the previous year up to that limitation, but not a cent of profit.

Consider concerns who are doing business with the Government, and we are talking particularly now of those who are making devices that take a great deal of research, research that requires a great deal of invested capital and with frequently very small unit sale price; if they do not average up with a profit, they cannot stay in business. There is no secret source of income for these concerns.

The present Tobey amendment to the Vinson Act makes the Government a preferred customer. It means that a concern dealing with the Government cannot charge a proportionate share of its general overhead on the business it does with the Government. There is certainly nothing fair about that. There is no reason why private industry dealing with this manufacturer should have to bear all of the overhead while the Government gets its business without paying any share of the overhead; but under the existing act, all that can be charged is the development expense and overhead of the actual contract itself, and only on the completion of that contract, but not the general overhead of the concern. Those Members familiar with business practices know that in the items of cost of doing business, overhead is included and a proportionate share of the overhead is charged on every item that is sold. It is very obvious that no one could stay in business very long on any other basis. If we are to be logical, we should prohibit anyone in any business from making more than 10-percent profit, regardless of whom they deal with.

We have had about a year to study the effect of the Tobey amendment. I think there are many features that may be made to work. Personally, I think the whole 10-percent restriction is unintelligent and should be repealed; but if we are going to retain it, let us at least make a workable bill, because, I submit, the present bill will not work. It is going to cost the people of this country a great deal more if we retain this amendment the way it is at present.

The effect is going to be to drive the small manufacturer out of business. The great manufacturer may be able to stay in, he can weather the storm for a few years, he may be able to go ahead with development and take a loss this year and again next year and the year after, but if the little man who is trying to do business with the Government suffers a loss this year and another loss next year he is going to be put out of business, that is all. No one is going to continue to invest in his concern if it cannot make a profit.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. SABATH. A great many manufacturers who have been doing work for the Government have gone bankrupt and lost a great deal of money.

Mr. MAAS. Yes.

Mr. SABATH. For a long time I was under the impression that they had been making a great deal of money.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. VINSON of Georgia. It is interesting in this connection to bring out the fact that the prevailing profit in the aircraft industry on its construction work for the Government is between 5 percent and 6 percent.

Mr. SABATH. That is what they show.

Mr. VINSON of Georgia. That is what is shown by the statisticians from the Bureau of Supplies and Accounts who

have the right to go through their books. Only one concern, and that one having a monopoly, ever made any money out of contracts out of proportion to a fair return on Government aircraft work, and that was the Whitney Co., which made about 30-percent profit, but the Government has gone into the business of manufacturing engines in an effort to hold down that enormous profit.

Mr. SABATH. It became necessary for the Government to do that.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. DONDERO. The Tobey amendment is directly in line with the McSwain bill to take the profits out of war, which passed the House sometime ago. Does not the gentleman think that perhaps the only way to reach a solution of the problem of profits on Government work is for the Government to build its own ships?

Mr. MAAS. No; I will say to the gentleman I think that is very unwise. I have for a number of years given a great deal of study to the question of the Government manufacturing its own munitions and its own instrumentalities of war. I am not discussing the subject now, but in passing I would like very briefly to call the attention of the House to the fact that there are only a few, and a very few, nations on earth that manufacture their own munitions. If we go into the business of manufacturing our own munitions and instrumentalities of war, we have destroyed even the possibility of democracy among nations and the self-determination of governments, because five nations of the earth could and undoubtedly would control the rest of the world. The other nations are not in a position to manufacture their own munitions, and it would mean that they would be absolutely at the mercy of their neighbors who could and did manufacture munitions. Otherwise it would mean that every nation on earth would have to go into the business of creating huge supplies of war reserves which would take billions of dollars out of the normal circulation of commerce, and it would certainly increase the jitteriness of the world. A government manufacturing munitions cannot sell to any other people, because if a government sells munitions, it is in itself an act of war. This Nation was created out of physical resistance against tyranny, and we have no right now to say that no other nation shall have the right to defend itself against aggression. No; I do not think that is the answer.

To go on: A large concern dealing with the Government today can weather the storm and can continue to suffer losses, gentlemen, until all the small concerns are weeded out. Then you will have real collusion. Then you will find what this amendment will cost. Then we will pay the price, and pay it through the nose.

Our greatest protection to an economical Navy is to keep just as many people in business competing for the Navy's business as possible. Mr. Chairman, there is not any very great danger of excess profits on the items which are included in this proposed amendment. The impression has been given that these manufacturers are going to get together and try to recoup all of their losses in their industrial field by one contract with the Government.

Mr. DELANEY. Will the gentleman yield?

Mr. MAAS. I yield to the gentleman from New York.

Mr. DELANEY. As a matter of fact, the total amount of the cost of these articles is very small in comparison to the cost of a ship? I think it is less than one-tenth of 1 percent.

Mr. MAAS. Very small. I thank the gentleman for that contribution.

Mr. Chairman, the effect of excluding scientific apparatus manufacturers from the 10-percent restriction is to insure a continued development of the latest scientific apparatus for our airplanes, for fire control, and communication. In those fields the Government is practically the sole customer of these concerns. The impression that has been left with you that these concerns are going to try to recoup great losses in the industrial field in a single contract with the Government is a lot of bunk and hooey. In the first place, in the scientific field the Government is the only customer, practically, of these concerns; and, in the second place, natural

competition will prevent any very great excess of profits. If a concern had a loss of \$100,000 on previous experimental work and they tried to charge it all in on a single contract, there are other competitors whose price would be so low that the original company simply would not get the business. Natural competition is going to protect the Government against excess profits, and we should take measures that will insure natural competition. The only way we are going to suffer is if we destroy competition.

Mr. LUCKEY. Will the gentleman yield?

Mr. MAAS. I yield to the gentleman from Nebraska.

Mr. LUCKEY. Is it not a fact that the Bethlehem Steel Co. is furnishing a large amount of steel for these battleships and gun ships?

Mr. MAAS. That is true; and we are protected by the 10-percent amendment in their case.

Mr. LUCKEY. And the Bethlehem Steel Co. in the last 4 years has paid to their officers in bonuses all the way from one and one-half million dollars to \$3,000,000.

Mr. MAAS. Well, I think they are wrong in that respect, and I think we should put a restriction on them. But the thing we are trying to prevent is collusion. Let us go directly to that subject. Let us draft intelligent legislation that will prevent collusion, and then enforce the legislation; but let us not try to do it in this round-about way and thereby hurt all business along the line as we go. Let us strike directly at the problem we are trying to meet.

Mr. SCOTT. Will the gentleman yield?

Mr. MAAS. I yield to the gentleman from California.

Mr. SCOTT. The gentleman talks about keeping prices down by means of natural competition that would arise. When Admiral Bloch was testifying before the committee he said that there would be a tendency on the part of the contractors to unduly increase their prices in order to insure they would not receive less than 10 percent on their costs. A little bit later he said there was a possibility that a manufacturer might have made 30 or 50 percent on a contract. There may have been collusion before the adoption of this amendment, and there may be collusion after the adoption of the Tobey amendment, but going back to preceding conditions is not going to guarantee matters.

Mr. MAAS. We are proposing to make an intelligent, workable law in the way of a 10-percent restriction on the general business of the Navy.

Mr. SCOTT. Let us keep it, then, until we pass an intelligent law.

Mr. MAAS. I am willing to do that, but in this bill we are asking you simply to remove this 10 percent on scientific apparatus. Do you think the concerns that have developed the automatic pilot, the earth inductor compass, and other things would have developed them if they had been restricted to a 10-percent profit, without any chance to charge in the cost of developing them? Frequently these concerns spend \$100,000 on the development of a unit which will sell for perhaps \$500.

[Here the gavel fell.]

Mr. DARROW. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MAAS. Mr. Chairman, these scientific manufacturers for whom we are providing an exclusion are not members of the patents pool. If we want to do something, we should abolish the patents pool in aviation. These concerns are not in that pool. It is readily understood that a manufacturer experimenting with fire-control apparatus has no other customer than the Government.

Mr. Chairman, 90 percent of the scientific advancement in the Navy has come from private initiative in the first instance. The Navy could not and would not be justified in allocating huge sums of money to blind experiments. This has to be left to private industry. But unless private industry has an opportunity to sell a successful commodity to the Government at a reasonable profit there is not going to be a continuation of scientific development and our Navy is going to go to wrack and ruin and every dollar we spend for the Navy will be wasted, because a navy that cannot accomplish its mission to defend our shores is worse than no

navy at all, because the people think they have a navy. It would be better and fairer to abolish the Navy outright so that the people would know they were undefended. With the scientific development that is going on the size of ships have been made smaller and more effective. What good would it be to have great lumbering battleships if a 10,000-ton cruiser is developed that could blow the battleship out of the water without even being seen perhaps? Unless we keep abreast of the latest scientific developments we are wasting every dollar that we spend for the Navy and we are failing in our constitutional obligations to provide an adequate national defense. If we were building a navy that was designed to go out for conquest or if we had a roving navy trying to take in other parts of the world, the situation might be different, but we have no such navy. We do not want any more territory. In fact, we are giving away territory that other nations would have kept and exploited. However, we have the obligation to defend our own shores against the possibility of invasion and you and I have not the right to overlook that obligation.

Mr. Chairman, the committee has reported almost unanimously a bill which we feel will make workable the Tobey amendment. I think perhaps there are many wise provisions therein though I do not personally agree with all of them, yet I defer to the members of the committee who have studied the matter. I think we are retaining all of the benefits we can get out of the Tobey amendment in this bill, and at the same time eliminating those features which will help destroy the efficiency of the Navy and which will only increase the cost of doing business to the Navy and which will, if anything, increase the danger of collusion. It will certainly deny us and our Navy the benefit of the latest scientific developments, because soon there will not be any more scientific developments.

Mr. TOBEY. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. TOBEY. Does the gentleman believe the statement he has just made, that there will be no more development if this bill does not pass?

Mr. MAAS. Certainly no comparable development—

Mr. TOBEY. The gentleman said there would be no more development. Does the gentleman stand on that?

Mr. MAAS. It depends on what the gentleman means. Does the gentleman want me to qualify my statement?

Mr. TOBEY. I think the statement should be qualified; yes.

Mr. MAAS. I say there will be no more scientific developments—

Mr. TOBEY. If this bill does not pass?

Mr. MAAS. Yes.

Mr. TOBEY. The gentleman says there will not be any more scientific development in the Navy Department of this country—

Mr. MAAS. I did not say in the Navy Department, but in private industry.

Mr. TOBEY. Does the gentleman really mean that?

Mr. MAAS. Of course I mean it or I would not say it. There will be no more development in the field I am talking about.

Mr. TOBEY. I am very sorry for the gentleman.

Mr. MAAS. The gentleman need not be sorry for me.

Mr. TOBEY. I am very sorry for the gentleman.

Mr. MAAS. I thank the gentleman for his consolation, but I assure him that I do not need it.

Mr. TOBEY. Your argument does.

Mr. MAAS. What does the gentleman know about the Navy? Has the gentleman ever been on a battleship?

Mr. TOBEY. Yes.

[Here the gavel fell.]

Mr. VINSON of Georgia. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. Both the ranking majority and minority members of the committee are distributing the time

and they are in favor of the legislation. I rise at this time in opposition to it and I ask unanimous consent for 1 hour's time.

The CHAIRMAN. The gentleman has been recognized for 10 minutes.

Mr. McFARLANE. Mr. Chairman, I submit a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. May I ask whether or not we who are opposed to this legislation are entitled to our proportionate part of the time under the rules of the House?

The CHAIRMAN. The Chair stated the rule at the opening of the debate. Under the rules of the House, the Chair stated debate would proceed for 2 hours, one-half of which was to be controlled by the chairman of the committee and one-half by the ranking minority member of the committee.

Mr. McFARLANE. I understand that.

Mr. TOBEY. Mr. Chairman, will the gentleman yield to me?

Mr. McFARLANE. Yes, sir; I yield.

Mr. TOBEY. Mr. Chairman, the gentleman yields to me and I wish to make this point. The rules of the House state that on Calendar Wednesday there shall be 1 hour for those in favor of a bill that is called up and 1 hour for those in opposition.

The CHAIRMAN. The Chair has ruled. The gentleman from Texas is recognized for 10 minutes.

Mr. McFARLANE. Mr. Chairman, I am very sorry I shall not have sufficient time to develop and answer the arguments that have been made here as I would like to. In the brief time I have I do want to point out some of the arguments against this legislation, and I hope you will give me your attention.

Mr. Chairman, this measure should be entitled "A bill to take all of those dealing with the Navy out from under the limitations of the 10-percent excess-profits clause enacted by the last Congress." Now, why do I say this? If you will refer to the bill itself, you will find that the exemptions are sufficiently broad, and if there is any doubt about the matter, they leave it up to the Secretary of the Navy to broaden them, and any Secretary of Navy we have had, certainly since the World War, has never failed at any time that I have ever heard of, when called upon, to make his general provisions broad enough to allow those dealing with the Navy to get out from under any procurement law we have passed.

Let me relate to you a little history in this regard. You older Members will remember that in 1926 the Congress enacted what is called the "Aircraft Act" of that year, and under that law there was required competition in the purchase of all aircraft equipment by the Army and Navy Departments. Contrary to this law and contrary to the opinions of the Judge Advocate General of the Army and the Judge Advocate General of the Navy, the procurement divisions of both the Army and the Navy, year after year since that time, have bought their equipment in violation of the provisions of this law, according to the Comptroller General's construction of the contracts on file with him, which I placed in the CONGRESSIONAL RECORD as a minority report on the investigation which we made and which clearly showed that more than 92 percent of all the aircraft equipment purchased since 1926 down to that time had been bought in open violation of the law, and that the record from the Comptroller's office stands today before you uncontradicted. I trust the Membership will read my report filed in the RECORD, pages 10034 to 10064, of the Seventy-third Congress, second session, which report goes thoroughly into the system of procurement of aircraft equipment of the Navy Department.

Under this bill you are going to give the Secretary of the Navy this broad power. There are several other limitations, but this is the last one, and in case all the others fail to work they put in a clause which will, in effect, exempt them all and which provides that "this section shall not apply to contracts or subcontracts for scientific equipment used for communications"—broad as the heavens—"target detection"—no limitation—"navigation"—that covers the whole field of navigation and there is no limitation there—"and fire control"—

no limitation, and all these terms to be left to such discretion and control as may be so designated by the Secretary of the Navy.

Does this leave any doubt in your mind as to what this provision means? Certainly not. It means that any kind of equipment that is purchased by the Navy will come out from under this 10-percent limitation in any contract if you enact this law.

Now, there has been some question raised about who is interested in this legislation. Some Members would have you believe, according to their speeches here, that they are interested in the little fellow. Oh, how we set him up as a straw man and knock him down. Who is it that comes before Congress advocating this legislation? Is it the taxpayer? No. Is it the little fellow wanting Navy business that he will never get? No. Well, who is it? I will tell you who it is, and the hearings show it, and you can read the hearings—they speak for themselves—the president of the Sperry Corporation, a holding company for many of these scientific-instrument manufacturers and one of the largest sellers of naval equipment to the Navy. This is no. 1 of the little taxpayers or little concerns that appeared before the Naval Affairs Committee wanting to come out from under the provisions of this law. Who else appeared? Of course, all the admirals down there in the Department. Somehow or other they are always before our committee when legislation of this kind is pending, pleading to take the lid off.

If there is any chance of competition when contracts are let, we failed to find it. It is familiar to you gentlemen—I do not have the record of the Nye investigating committee before me, but Senator NYE has frequently made statements to the effect that they have found to his satisfaction that there was collusion in the letting of certain contracts of the Navy, and also facts were found bordering on fraud and collusion in the manufacture of munitions. You can draw your own interpretation of the investigation—you have read the results of their hearings from day to day as related by the press—I have given you mine. Is it going to help any to loosen the law before it has had a chance to operate?

Mr. LUDLOW. Will the gentleman yield?

Mr. McFARLANE. I yield to the gentleman.

Mr. LUDLOW. The gentleman is convinced, is he not, that the Tobey amendment is salutary legislation? Does not the gentleman think that it is wise legislation; that it has accomplished a great deal of good; and that it should remain on the statute books unimpaired?

Mr. McFARLANE. I certainly do.

Mr. LUDLOW. And the gentleman thinks, does he not, that this legislation that is proposed in the pending bill will emasculate the Tobey amendment?

Mr. McFARLANE. It is going to strike out and emasculate it before it has had a chance to operate.

What is the situation? Here the Treasury Department has not had even time to make the estimates under the law. Let me read you the testimony of Captain Bowen, who appeared before our committee. You will find it on page 1550 of the hearings:

Captain BOWEN. Since the enactment of the 10-percent profit clause of the Vinson bill, no company has refused to bid on any contract, as far as this Bureau is concerned, due to the 10-percent-profit clause; therefore there are no facts available to substantiate any statement as to whether or not the 10-percent-profit clause has had any effect on economy and efficiency of that part of the naval administration represented by the Bureau of Engineering.

Mr. MAAS. Will the gentleman yield?

Mr. McFARLANE. Yes; I yield.

Mr. MAAS. Was not there testimony that some contracts had been completed at cost or at a loss?

Mr. McFARLANE. There were some statements made before our committee of that character, as shown by the memorandum handed me by Mr. Moore. However, the rulings of the Internal Revenue Department show that all these companies have been dealt with very fairly on all allowances and deductions, and I see no reason why we should give special allowances to these corporations dealing with the Navy. History records that they have been gen-

erously dealt with in the past. Most all these companies operate under patents that give them monopoly, and they are not satisfied with that; they want to further profiteer.

Mr. MAAS. Has anybody made a 10-percent profit?

Mr. McFARLANE. There has been no definite information brought before the committee on either side, except the testimony of Captain Bowen and the statement made by Mr. Moore, of the Treasury Department, as contained in the

above memorandum, which does not cover, as I understand it, any full taxable year for any company. Mr. Chairman, I ask unanimous consent to extend my remarks and to include therein this record from the Treasury Department and certain other excerpts of testimony from the hearings.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The matter referred to follows:

Contractor	Date of report	Details reported				
		Contract price	Cost	Profit	Loss	Profit ratio
The Babcock & Wilcox Tube Co.	Jan. 4, 1935	\$11,332.19	\$11,053.53	\$278.66		Percent 2.46
Eclipse Aviation Corporation	Mar. 21, 1935	17,187.57	19,167.50		\$1,979.93	
Do.	Feb. 2, 1935	19,910.00	17,979.50	1,930.50		9.7
Farrel-Birmingham Co., Inc.	Mar. 27, 1935	48,321.00	71,316.88		22,995.88	
Pratt & Whitney Aircraft Co.	Dec. 7, 1934	10,739.25	11,029.44		290.19	
Hirsch Lumber Co.	Mar. 7, 1935	11,460.20	11,152.48	307.72		2.7
Hunterspoint Lumber & Supply Co., Inc.	Mar. 14, 1935	36,036.89	35,329.41	707.48		1.9
The International Nickel Co., Inc.	Mar. 12, 1935	24,844.80	15,501.08	9,343.72		37.6
The M. W. Kellogg Co.	Apr. 1, 1935	21,704.00	21,341.61	362.39		1.7
The Louis Allis Co.	Dec. 22, 1934	17,158.50	15,979.94	1,178.56		6.8

¹ Amount of excess profits paid into Treasury, \$6,859.24.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. ZIONCHECK. Has the gentleman had the information that cruisers which cost the Government nine or ten million dollars in 1932 now cost thirteen or fourteen million dollars?

Mr. McFARLANE. The gentleman was a member of the committee and knows that battle cruisers that cost us seven or eight million dollars in 1932 are now costing from thirteen to fifteen million dollars, depending on the company that gets the contract.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. VINSON of Georgia. I yield to the gentleman 2 additional minutes.

Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. Yes.

Mr. VINSON of Georgia. In response to the question of the gentleman from Washington [Mr. ZIONCHECK] as to the cost of ships going up from 1932 and 1933 to what they are today, around about nine or ten or eleven million dollars—

Mr. McFARLANE. The gentleman does not mean that is what they are now costing the Government?

Mr. VINSON of Georgia. What the last bids were.

Mr. McFARLANE. Thirteen million dollars to fifteen million dollars.

Mr. VINSON of Georgia. Whatever it is, was it not brought about by the Shipbuilders' Code of the N. R. A., and is not the tendency of the whole administration to increase the cost of everything and reduce the value of the dollar?

Mr. McFARLANE. Oh, that is the excuse the shipbuilding contractors have given for increasing the price of their bids, but I have never believed it.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. Yes. I yield.

Mr. WOOD. Is it not a fact that the shipbuilders themselves drafted the code?

Mr. McFARLANE. The shipbuilders drafted their code, just like big business generally has drafted every other code, and the Members of this House know that is true.

Mr. ZIONCHECK. The navy-yard costs have not increased in proportion to the private-yard cost.

Mr. McFARLANE. That is true, to the best of my knowledge.

Mr. VINSON of Georgia. Oh, the gentleman from Washington [Mr. ZIONCHECK] and the gentleman from Texas [Mr. McFARLANE] both make the statement with reference to the navy yard not increasing in the same proportion to the industrial yard.

Mr. McFARLANE. Yes; and I believe the records will show that.

Mr. VINSON of Georgia. The records do not show anything of the kind. The records show that the price of steel to the navy yard is the same as the price of steel to the industrial yard.

Mr. McFARLANE. We are talking about total ship cost to the Government.

Mr. VINSON of Georgia. The record shows that the labor in the navy yard costs more than the labor in the industrial yard.

Mr. ZIONCHECK. That is true.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McFARLANE. I ask unanimous consent to extend my remarks in the Record and to include therein certain excerpts.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. VINSON of Georgia. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. Three minutes.

Mr. VINSON of Georgia. I yield those 3 minutes to the gentleman from California [Mr. SCOTT].

Mr. SCOTT. Mr. Chairman, of course, it is not right to stand here and discuss this bill with so few Members of the House present, because when it comes to a vote, a lot of Members will come in, just as they do in the committee, to cast their vote, without knowing what the discussion is about. I have seen it happen in the past. When they come in they will find out how the chairman is voting and vote with him. I am sorry that this is going to happen on this bill. I do not approve of the bill. With the first part of it, having to do with holding companies, I am not so much concerned. It is with the second provision that I am concerned. Under the original bill the profit of 10 percent was limited to each contract. When the shipbuilder had a contract, if he made more than 10 percent on it, he had to give that excess back to the Government. What they want to do here is to provide that he may take his contracts for the entire year and figure his net profit or loss for the year. If he has a net loss for one year, he is given the privilege of going into the next year to offset that loss against a possible gain in that following year. If you know anything at all about the bookkeeping of modern corporations, you know that they have three sets of books. The first set of books is for their own use. The second set usually goes to the income-tax collector. The third set of books is for their stockholders, so that when it comes time, if they have to show what their profits have been this year, they can cover it up, and you know that that has happened time after time. It has come out in all kinds of investigations. What is to prevent a company this year showing a loss by

manipulation with the operating companies under the control of the holding companies, and then coming back next year and asking that they may make their 10-percent profit, so as to cover up all this fictitious loss of the preceding year?

Mr. MAAS. This does not apply to holding companies. The Government cannot deal with a holding company. It must deal direct with the manufacturing company.

Mr. SCOTT. But a manufacturing company can be a holding company.

Mr. MAAS. Does not the gentleman realize that, if they show an enormous loss this year, next year the profit would be so high that they would not get it?

Mr. SCOTT. That does not make any difference. As Admiral Block said, when they come back next year they will show a profit.

Mr. MAAS. The price would be so high that they would not get the award.

Mr. SCOTT. Not if they all get together and have the same price.

Mr. McFARLANE. The gentleman from Minnesota [Mr. MAAS] voted for the amendment to strike out the whole 10-percent limitation entirely.

Mr. MAAS. And I am in favor of striking it out now.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DARROW. Mr. Chairman, in the first place, this 10-percent limitation applies only to the Navy Department. Why that limitation should be placed upon the Navy Department only I was never able to thoroughly understand.

As I recall, in all of our investigations, particularly in the case of aircraft, the Navy Department showed a better record than any other department, as far as profits were concerned. Now, it is my feeling that as long as we are to have a Navy, that Navy should be equipped with the best devices and the most up-to-date scientific equipment that it is possible to get. This limitation on scientific equipment in particular does put a handicap on scientific investigation and retards it.

I hope that we may never again send our Navy into battle, but if we do I want the men who are on our ships to have the best equipment that can be provided. [Applause.]

I do hope that this bill will pass. I think it is in the interest of the Government itself and that competition will solve the question of excess profits if it is permitted to operate in the natural way. In my judgment, there is no necessity for placing undue restrictions upon it. That applies particularly to that last amendment which seeks to exempt scientific equipment of a specific character. I appeal to my colleagues to help us pass this bill.

Mr. MILLARD. Will the gentleman yield?

Mr. DARROW. I yield.

Mr. MILLARD. With the N. R. A. out, it allows competitive bidding?

Mr. DARROW. It does allow competitive bidding, and I am sure there will be competitive bidding if the field is left wide open for it.

If we are to maintain the principle that there shall be an arbitrary limitation of profit on naval contracts, we are doing our utmost to discourage scientific development and experimentation for the advancement of naval efficiency.

Many examples could be presented to show how enormous sums have been expended in experimentation before an instrument or scientific device had been perfected, as anyone with only a slight knowledge of such work is aware; and if such a product when completed and marketed can be sold at only a 10-percent profit over its cost of manufacture, you will find future experimentation will be considerably limited or restricted.

I want our Navy to have the full benefit of science as it may be developed by American initiative, and for that reason am pressing for the passage of this bill.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. All time has expired.

Mr. TOBEY. Mr. Chairman, has all time expired?

Mr. McFARLANE. Mr. Chairman, a parliamentary inquiry. I would like to have about 10 minutes on this bill.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. DARROW] was recognized for the remaining time. The gentleman from Pennsylvania spoke on the bill and at the conclusion of his remarks did not attempt to yield any of the time remaining to him.

Mr. TOBEY. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TOBEY. I refer to the rules of the House. I read:

Provided, That not more than 2 hours of general debate shall be permitted on any measure called up on Calendar Wednesday, and all debate must be confined to the subject matter of the bill, the time to be equally divided between those for and against the bill.

Now, we come here and 1 hour's time is given the gentleman from Georgia [Mr. VINSON] and 1 hour to the gentleman from Pennsylvania [Mr. DARROW]. As a matter of fact, the time used against the bill has been 25 minutes by the gentleman speaking and 10 minutes by the gentleman who just concluded, 35 minutes in all. We have had 23 minutes short of our allotted time, and I make the point of order that it is not right to hold that all time has expired.

The CHAIRMAN. Eleven minutes remain of the time of the gentleman from Pennsylvania [Mr. DARROW].

Mr. TOBEY. Will the gentleman yield me half of that time?

The CHAIRMAN. If the gentleman sees fit to allot the balance of his time, that is his privilege. If he does not and yields the floor, the Chair will recognize some Member in opposition to the bill.

Mr. DARROW. Mr. Chairman, I divided my time equally between those for and against the passage of the bill.

I yield back the balance of my time.

Mr. McFARLANE. Mr. Chairman, I ask recognition for the remaining 11 minutes in opposition to the bill.

The CHAIRMAN. Nine minutes remain. The gentleman from Texas [Mr. McFARLANE] is recognized for 9 minutes.

Mr. McFARLANE. Mr. Chairman, I hope I may have close attention in these few remaining minutes, so that I can go further into this measure now pending before us. As to the tax provision of this bill, it reads as follows:

Provided, That if there is a net loss on all such contracts or subcontracts completed by the particular contractor or subcontractor within any income taxable year, such net loss shall be allowed as a credit in determining the excess profit, if any, for the next succeeding income taxable year.

Mr. MAAS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAAS. Under what parliamentary situation is the gentleman from Texas now occupying the floor?

Mr. McFARLANE. Mr. Chairman, this should not be taken out of my time.

The CHAIRMAN. The Chair ruled that 1 hour having been allotted to the gentleman from Pennsylvania in opposition to the bill, he having used 51 minutes of that time altogether, and having yielded the floor, under the general rules of the House any Member is entitled to recognition to use the time remaining in opposition to the bill.

Mr. MAAS. Mr. Chairman, I think the Chair is in error. The gentleman from Pennsylvania reserved the balance of his time.

The CHAIRMAN. The Chair has ruled, and the gentleman from Texas has been recognized. The gentleman from Texas will proceed.

Mr. McFARLANE. Mr. Chairman, as to this income-tax provision change in this bill over the present law, it is giving to contractors dealing with the Navy Department a right to deduct their losses for income-tax accounting in the following year, which no other income-tax payer now has under existing law.

Why should we favor those dealing with the Navy Department and give them a special right that individual taxpayers do not have, by which these large concerns will cover up any losses made this year in the profits they will make the next year? It is not right. It is not fair. It is not

just. That is in keeping with the whole intent and purpose of this bill. This bill ought to be defeated. It ought to be voted down. The Tobey amendment ought to be given a chance to function. Let us see what it does. We do not have any definite information before this Committee now that will tell us or give us any definite idea as to what the Tobey amendment under existing law will do. Those are the net facts; you cannot deny them.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. VINSON of Georgia. Is it not a fact that on the gentleman's own motion, as is disclosed by the hearings, he suggested substituting the taxable-year basis for the individual contract basis?

Mr. McFARLANE. Yes; and I am willing to open it up and still make the tax accountable on a whole year's business, just such an accounting as each of us has to make. My amendment, which would have treated these corporations as you and I are treated and cause them to make their tax returns on the taxable year, was voted down. These companies dealing with the Navy want the right under this bill to hide any losses made this year by deducting those losses from the profits they make next year. This amendment goes further than that. They were not willing to have the same right allowed the individual taxpayer as well as all others under existing tax laws. They want a 2-year tax accountability and today no one else has that right. This bill makes an exception of those dealing with the Government and allowed them to offset their losses this year, the following year; and this is not fair; it is not right; it is not fair to the Government. There was not a single little taxpayer who appeared before our committee for this legislation, no little business concern asked for this legislation; it was asked for by the subsidized trades, big business. Big business asked for this. No one else appeared before the committee asking for this legislation other than representatives of the Navy Department. Bear that in mind, gentlemen. They are not interested in protecting little business; they want to put further brass rivets in the laws to protect big business. [Applause.]

Mr. MAAS. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. Mr. Chairman, I decline to yield. The gentleman tried to keep me off the floor even after I had secured time, in spite of the fact that more than three-fourths of the time during the consideration of this bill has been used by those favoring the legislation—you have tried to keep us from fully discussing the merits of this legislation.

Mr. Chairman, that has been the purpose during the consideration of this bill; that has been the purpose of those in charge of the consideration of this legislation. They do not want to give us a chance. They do not want to give us an equal division of time, because they know their arguments will not stand up on it.

As to scientific instruments, if there was any doubt left it has been completely taken out of it for manufacturers of such instruments are taken from under the provisions of this law, and are given a 2-year accounting period within which to further exploit the Government. That is what it does. These highbinders come here with such clean hands. I believe in an old axiom of equity, "That he who asks equity must do equity; and that he who comes into a court of equity must come with clean hands." These gentlemen have not done that; these men who come here asking for this relief. They come here before they have suffered any loss or applied for any allowable deduction for experimental or development work, such as they are allowed to do under the rules of the Treasury Department. They are allowed to offset that in their income-tax returns under the Tobey amendment. Let me quote from the hearings on this point:

Mr. McFARLANE. I want the Government not to pay this research and development expense that they want to saddle off on us on stuff we are not interested in. They are taking the whole plant from which we are buying only certain articles. If we let that procedure go through the whole overhead expense is charged to the Government.

Mr. MAAS. No; they would be permitted to charge a proportionate share of their overhead. If you, as an individual, go and buy an engine you are charged with the engine proportionate share of the overhead of that concern. Why should not the Government do the same thing?

Mr. McFARLANE. The Government does that now, as I understand the situation. Mr. Moore, is it not true that the Internal Revenue Department allows all of the allowed deductions for overhead on all products that are purchased by the Navy Department now under the 10-percent clause, and that what they are trying to do under this procedure is that they want their allowances made for complete overhead on development charges of their entire plant—in other words, on stuff other than what the Government is buying from them? Is that true?

Mr. MOORE. That is my understanding of it. They want to extend it.

What do they want to do? They want to be allowed to offset experimental and development cost that has nothing to do with any Government contract. Let me read you some of the charges they are making the Government under these contracts—these high pirates who come here and ask to be taken out from under the 10-percent limitation law. It has cost the Government about \$25,000 for the education of Mr. B. E. Gillmor, president of the Sperry Co.; and, by the way, we are educating practically all of the executives and technical men in the key positions of most of the concerns who sell the Army and Navy equipment; their personnel receive their training in the Army and Navy War College. About 75 percent of their experts they obtain from the Government for reasons that are quite apparent.

I find here the testimony of Mr. Gillmor, a former commander in the Navy, and he was the principal witness who appeared before the committee advocating this legislation. The hearing of our subcommittee last year made a study of aircraft procurement. I went as carefully into the subject as I could—see my minority report, pages 10034–10064, of the Record last session. I showed from this report what some of these same concerns now asking for this legislation charged us under noncompetitive contracts paid for out of P. W. A. funds.

Propellers cost us \$2,389.54 each, buying them in lots of 22. When we bought propeller hubs in lots of 50 we paid \$1,315 for them. This is what happened last year under a situation where there was no competition. For transmitting equipment we paid \$564.92 each; octants, \$220 each. For directional gyros we paid \$401.92 each; and that was on a contract for 480 directional gyros purchased, by the way, from the Sperry Co., of which Mr. B. E. Gillmor is president, and the principal witness before our committee asking for this legislation.

Mr. GRAY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. GRAY of Indiana. Mr. Chairman, will the gentleman explain why if a so-called "experimental contractor" suffered a loss it should be made up to him in his contract?

Mr. McFARLANE. I am sorry I have not time to go into the subject. My time has expired. I ask you to vote down this bill and give the Tobey amendment a chance to work out. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 3 (b) of an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes", approved March 27, 1934 (48 Stat. 505), is hereby amended by inserting the words "Provided, That such excess profit under contracts and subcontracts under this section shall be determined on the basis of periods of 2 taxable years of the contractor or subcontractor and the surety under the contracts shall not be liable for the payment of such excess profit," after the words "the property of the United States;" by inserting the word "further" after the word "Provided" and by deleting the word "may" after the words "Secretary of the Treasury" and substituting therefor the word "shall", so that, as thus amended, said section 3 (b) will read as follows:

"Sec. 3. (b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become

the property of the United States: *Provided*, That such excess profit under contracts and subcontracts under this section shall be determined on the basis of periods of 2 taxable years of the contractor or subcontractor and the surety under the contracts shall not be liable for the payment of such excess profit: *Provided further*, That if such amount is not voluntarily paid the Secretary of the Treasury shall collect the same under the usual methods employed under the internal-revenue laws to collect Federal income taxes."

With the following committee amendment:

Beginning on page 2, line 4, after the word "amended" strike out the remainder of the bill and insert the following: "by striking out the word 'price' and inserting the words 'prices, of such contracts within the scope of this section as are completed by the particular contracting party within the income-taxable year', after the words 'of the total contract'; by inserting the words 'but the surety under such contracts shall not be liable for the payment of such excess profit: *Provided*, That if there is a net loss on all such contracts or subcontracts completed by the particular contractor or subcontractor within any income-taxable year, such net loss shall be allowed as a credit in determining the excess profit, if any, for the next succeeding income-taxable year:' after the words 'property of the United States'; by inserting the word 'further' after the word '*Provided*'; by deleting the word 'may' after the words 'the Secretary of the Treasury' and substituting therefor the word 'shall'; and by adding at the end of the section the following proviso: '*Provided further*, That all provisions of law (including penalties) applicable with respect to the taxes imposed by title I of the Revenue Act of 1934, and not inconsistent with this section, shall be applicable with respect to the assessment, collection, or payment of excess profits to the Treasury as provided by this section, and to refunds by the Treasury of overpayments of excess profits into the Treasury: *And provided further*, That this section shall not apply to contracts or subcontracts for scientific equipment used for communication, target detection, navigation, and fire control as may be so designated by the Secretary of the Navy, and the Secretary of the Navy shall report annually to the Congress the names of such contractors and subcontractors affected by this provision, together with the applicable contracts and the amounts thereof.' so that as amended said section 3 (b) will read as follows: "

"Sec. 3. (b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract prices, of such contracts within the scope of this section as are completed by the particular contracting party within the income taxable year, such amount to become the property of the United States, but the surety under such contracts shall not be liable for the payment of such excess profit: *Provided*, That if there is a net loss on all such contracts or subcontracts completed by the particular contractor or subcontractor within any income taxable year, such net loss shall be allowed as a credit in determining the excess profit, if any, for the next succeeding income taxable year: *Provided further*, That if such amount is not voluntarily paid the Secretary of the Treasury shall collect the same under the usual methods employed under the internal-revenue laws to collect Federal income taxes: *Provided further*, That all provisions of law (including penalties) applicable with respect to the taxes imposed by title I of the Revenue Act of 1934, and not inconsistent with this section, shall be applicable with respect to the assessment, collection, or payment of excess profits to the Treasury as provided by this section, and to refunds by the Treasury of overpayments of excess profits into the Treasury: *And provided further*, That this section shall not apply to contracts or subcontracts for scientific equipment used for communication, target detection, navigation, and fire control as may be so designated by the Secretary of the Navy, and the Secretary of the Navy shall report annually to the Congress the names of such contractors and subcontractors affected by this provision, together with the applicable contracts and the amounts thereof."

Mr. McFARLANE. Mr. Chairman, I offer a preferential amendment.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: Strike out the enacting clause.

Mr. McFARLANE. Mr. Chairman, I hope I may have the attention of the Membership for just a few minutes. I have offered an amendment that will cure the evils in this bill, and I hope the Members will vote for it. It is an amendment to strike out the enacting clause of the bill. Why do I offer it? I do so for many reasons: First, because the present law has not had time to operate. Let us give it a chance. There has not been definite information before our committee upon which we should base such legislation as that contained in the pending bill. The Department has reported that nobody failed or that nobody has refused to bid on contracts under the Tobey amendment limiting profits to 10 percent. We do not have any information from the Internal Revenue Department that would justify

us in repealing this law before we have had a chance to see how it operates.

If this bill is passed, what have we done? What do we do? We are undoing the work of the last Congress that passed this 10-percent limitation provision, limiting the profit to all those dealing with the Navy Department. That is what they did under the present law, and this bill comes in with two specific amendments which in effect will nullify the good provisions of the 10-percent limitation provision placed in the law last year; there is no use denying that.

Mr. FITZPATRICK. It is not 10 percent under the present bill.

Mr. McFARLANE. Yes; under existing law it is 10 percent excess profits limitation in each contract with the Navy, but if this bill is passed they will be in effect guaranteed 10-percent profit. The bill itself does not say that, but under the provisions written into it very carefully that result is permitted. Now do not forget that. Let the issue be clear and plain. Let us take all the sugar coating off. If you are in favor of giving the Department a chance to see what the present law will do vote for my amendment. There are only two or three concerns which sell the Government its ships. There is very little competition, as the record will show.

The situation certainly cannot be tied up any worse than by the patents pool which grants a monopoly for 17 years. Yet the holders of these patent rights are not satisfied. They want to come down here and sandbag the Government and want us to take the 10-percent limit off them on each contract and allow them to make tax accounting on a 2-year basis rather than a 1-year basis as required of all other taxpayers. Of course, they want to come out from under this law, and they will not even wait until the ink dries before they come in here demanding this be done—this bill was reported out of the committee only day before yesterday. They are closing on this legislation like the Sentinels of the Republic did in repealing the "pink slip" law—they just cannot wait to give it a chance; it might hurt big business.

I hope the membership will vote to strike out the enacting clause so that we may give the present law an opportunity to function. Let us give it a chance to do what it ought to do.

As to these scientific instruments, Mr. Chairman, that came in with the last catch-all amendment, may I say that the hearings before our committee last year brought out clearly the enormous profits made by these gentlemen. You read them in the papers every day for 2 or 3 months last year as to the enormous profits that were made. If this bill is passed, it will take off the only amendment we have that will limit those profits. This bill, if passed, has the effect of guaranteeing a 10-percent profit to those dealing with the Navy Department.

In final conclusion, may I say that the cost of construction to the Navy Department during the past 3 years has been more than doubled in many instances. Those are the facts that the taxpayer has to face. They pay the bill. The cost of equipment to the Navy Department as well as the other departments using similar equipment has more than doubled, yet these companies come in and ask that you practically nullify that law. [Applause.]

[Here the gavel fell.]

Mr. VINSON of Georgia. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Texas [Mr. McFARLANE], just before he concluded, stated that this bill guaranteed a 10-percent profit to naval contractors. In all deference to the gentleman from Texas [Mr. McFARLANE], he is absolutely in error, and there is not a scintilla of evidence nor a single word in the bill that can justify that statement. Before the gentleman proceeded to obtain five additional minutes by offering an amendment to strike out the enacting clause, he saw fit to arraign and belittle the Navy and even the Secretary of the Navy. He stated that the Secretary of the Navy would include everything as scientific instruments. The trouble about my colleague the gentleman from Texas

[Mr. McFARLANE] is that he talks so much he does not know half the time what he is saying. When this bill was pending before the committee the gentleman had this to say:

This is a question of efficiency, and I think the Navy Department is one of the most efficient departments of the Government.

Mr. McFARLANE. Where is the gentleman reading from?

Mr. VINSON of Georgia. I am reading from the gentleman's statement on page 1412. I wish the Members of the House had an opportunity to read all of these hearings. On the motion of the gentleman from Texas [Mr. McFARLANE], in the committee, the Department's bill was changed from 2 years to 1 year.

Mr. McFARLANE. Will the gentleman yield? He wants to be fair I know.

Mr. VINSON of Georgia. No. The gentleman should get his time. I have mine.

Mr. McFARLANE. Is the gentleman going to state the facts as the record shows?

Mr. VINSON of Georgia. I will prove it to the gentleman right now. On page 1410 the gentleman from Texas [Mr. McFARLANE] had this to say:

It should be on the same taxable-year basis as under existing law.

Mr. McFARLANE. But this bill does not do that.

Mr. VINSON of Georgia. It does do that. The Navy Department when it first sent the bill in suggested that they should have 2 years to compute their excess profit. Here is a letter from Secretary Morgenthau, which appears on page 1407, recommending the 2 years. During the hearing it was at the instance of our distinguished and learned friend, the gentleman from Texas [Mr. McFARLANE], that the committee changed the language to read from 2 years to 1 year.

The gentleman from New Hampshire [Mr. TOBEY] talked about collusion of shipbuilders. This bill has nothing in the world to do with any collusion of shipbuilders, but it has a great deal to do with collusion of bondholders. We are trying to stop this collusion between bondholders, holding the taxpayers of this country in the amount of \$800,000 to \$1,000,000 a year, and the learned gentleman from New Hampshire is advocating the permission of them to continue to do so. This is the issue here.

The Treasury Department and the Department of the Navy say we should stop this collusion and stop these bondholders from being permitted to charge these high rates, and the gentleman from Texas [Mr. McFARLANE] and the gentleman from New Hampshire [Mr. TOBEY] are rallying to these highjackers in the bond business holding up the taxpayers by increasing the rates from \$5 to \$40 a thousand on these bonds.

Mr. McFARLANE. The gentleman has used my name; will he yield for a question to correct the RECORD?

Mr. VINSON of Georgia. Not now.

Mr. COLDEN. Mr. Chairman, will the gentleman yield at this point?

Mr. VINSON of Georgia. Yes.

Mr. COLDEN. Since this bond matter has assumed the appearance of a racket in jumping from \$5 to \$40 a thousand, why cannot these bonds be eliminated and the Government allowed to deal directly?

Mr. VINSON of Georgia. You have got to have a performance bond. It is in the interest of the Government, and it is in the interest of economy to have this amendment, which the Treasury Department and the Navy Department have suggested.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion of the gentleman from Texas to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. VINSON of Georgia) there were—ayes 56, noes 71.

Mr. McFARLANE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. VINSON of Georgia and Mr. McFARLANE.

The Committee again divided; and the tellers reported that there were—ayes 66, noes 76.

So the motion was rejected.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. VINSON of Georgia. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WILCOX, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 5730) to amend section 3 (b) of an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes", approved March 27, 1934, had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill, as amended, do pass.

Mr. VINSON of Georgia. Mr. Speaker, I move the previous question on the bill and the amendment to final passage.

The previous question was ordered.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McFARLANE. Mr. Speaker, I offer a motion to recommit.

The Clerk read as follows:

Mr. McFARLANE moves to recommit the bill to the Committee on Naval Affairs.

Mr. VINSON of Georgia. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit the bill.

The question was taken; and on a division (demanded by Mr. MARCANTONIO and Mr. McFARLANE) there were—ayes 59, noes 88.

Mr. MARCANTONIO. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—ayes 130, nays 208, not voting 92, as follows:

[Roll No. 93]

YEAS—130

Adair	Flesinger	Luckey	Sanders, Tex.
Amle	Fletcher	Ludlow	Sauthoff
Arnold	Focht	Lundeen	Schaefer
Ashbrook	Ford, Calif.	McAndrews	Schneider
Beam	Ford, Miss.	McFarlane	Schuetz
Biermann	Gehrmann	McGehee	Schulte
Binderup	Gilchrist	McGroarty	Scott
Bolleau	Gillette	McKeough	Secrest
Buckler, Minn.	Goldsborough	Mahon	Sirovich
Cannon, Mo.	Gray, Ind.	Marcantonio	Smith, Wash.
Carlson	Greenway	Mason	South
Carpenter	Griswold	Massingale	Spence
Cartwright	Gwynne	Maverick	Stefan
Chapman	Hildebrandt	Meeks	Stubbs
Christianson	Hill, Knute	Mitchell, Ill.	Taylor, Colo.
Coffee	Hill, Samuel B.	Mitchell, Tenn.	Terry
Colden	Hoeppel	Monaghan	Thomason
Colmer	Hoffman	Moran	Thompson
Connery	Hope	Moritz	Tobey
Cooper, Tenn.	Hull	Mott	Truax
Costello	Jacobsen	Nelson	Turner
Crawford	Johnson, Okla.	Nichols	Umstead
Crosser, Ohio	Johnson, Tex.	O'Brien	Utterback
Dietrich	Jones	O'Day	Vinson, Ky.
Dobbins	Kenney	Parsons	Wallgren
Dondero	Kimball	Patterson	Wearin
Doxey	Knutson	Patton	White
Dunn, Pa.	Kocialkowski	Pearson	Wood
Eagle	Kopplemann	Pierce	Young
Elcher	Lambeth	Polk	Zimmerman
Ellenbogen	Lanham	Rankin	Zioncheck
Engel	Lemke	Rogers, Okla.	
Faddis	Lucas	Sabath	

NAYS—208

Allen	Ditter	Johnson, W. Va.	Reed, N. Y.
Andresen	Dockweller	Kahn	Relly
Andrew, Mass.	Dorsey	Kee	Rich
Andrews, N. Y.	Doughton	Keller	Richards
Arends	Drewry	Kelly	Richardson
Bacharach	Driscoll	Kennedy, Md.	Robertson
Bacon	Driver	Kerr	Robinson, Utah
Barden	Duffy, N. Y.	Kinzer	Robison, Ky.
Bell	Duncan	Kleberg	Rogers, Mass.
Blackney	Eaton	Kloeb	Rogers, N. H.
Bland	Eckert	Kniffin	Rudd
Blanton	Edmiston	Kramer	Ryan
Bloom	Ekwall	Lehbach	Sadowski
Boehne	Englebright	Lewis, Colo.	Scrugham
Bolton	Evans	Lord	Sears
Boylan	Fenerty	McCormack	Seger
Brewster	Ferguson	McGrath	Shanley
Brown, Ga.	Fernandez	McLaughlin	Smith, Va.
Brunner	Fish	McLeod	Smith, W. Va.
Buchanan	Fitzpatrick	McMillan	Snell
Buck	Flannagan	McReynolds	Snyder
Buckbee	Frey	McSwain	Somers, N. Y.
Burch	Fuller	Maas	Stack
Burnham	Gavagan	Maloney	Starnes
Caldwell	Gifford	Mapes	Stewart
Carmichael	Gildea	Martin, Mass.	Sullivan
Casey	Gingery	May	Sutphin
Castellow	Granfield	Mead	Taber
Caviochia	Gray, Pa.	Merritt, Conn.	Tarver
Church	Green	Merritt, N. Y.	Taylor, S. C.
Citron	Greenwood	Michener	Taylor, Tenn.
Clark, N. O.	Greever	Millard	Thom
Cole, Md.	Gregory	Norton	Thurston
Cole, N. Y.	Haines	O'Connell	Tinkham
Collins	Halleck	O'Connor	Tolan
Cooley	Hamlin	O'Leary	Tonry
Corning	Hancock, N. Y.	O'Neal	Turpin
Cox	Harlan	Owen	Vinson, Ga.
Cravens	Hart	Palmisano	Wadsworth
Crosby	Harter	Patman	Walter
Crowe	Higgins, Conn.	Peterson, Fla.	Warren
Crowther	Higgins, Mass.	Peterson, Ga.	Weich
Culkin	Hill, Ala.	Pettengill	West
Cullen	Hobbs	Pittenger	Whelchel
Cummings	Hollister	Plumley	Whittington
Daly	Holmes	Powers	Wilcox
Darrow	Hook	Ramsay	Williams
Deen	Houston	Ramspeck	Willson, La.
Delaney	Huddleston	Randolph	Wilson, Pa.
Dempsey	Imhoff	Ransley	Wolcott
Dickstein	Jenckes, Ind.	Reece	Wolverton
Dingell	Jenkins, Ohio	Reed, Ill.	Woodruff

NOT VOTING—92

Ayers	Dear	Lambertson	Quinn
Bankhead	DeRouen	Lamneck	Rabaut
Beiter	Dies	Larrabee	Rayburn
Berlin	Dirksen	Lea, Calif.	Romjue
Boland	Disney	Lee, Okla.	Russell
Brennan	Doutrich	Lesinski	Sanders, La.
Brooks	Duffey, Ohio	Lewis, Md.	Sandlin
Brown, Mich.	Dunn, Miss.	Lloyd	Shannon
Buckley, N. Y.	Farley	McClellan	Short
Bulwinkle	Fulmer	McLean	Sisson
Burdick	Gambrill	Mansfield	Smith, Conn.
Cannon, Wis.	Gasque	Marshall	Steagall
Carden	Gassaway	Martin, Colo.	Sumners, Tex.
Carter	Gearhart	Miller	Sweeney
Cary	Goodwin	Montague	Thomas
Celler	Guyer	Montet	Treadway
Chandler	Hancock, N. C.	Murdock	Underwood
Claiborne	Hartley	Oliver	Weaver
Clark, Idaho	Healey	O'Malley	Werner
Cochran	Hennings	Parks	Wigglesworth
Cooper, Ohio	Hess	Perkins	Withrow
Cross, Tex.	Kennedy, N. Y.	Peyser	Wolfenden
Darden	Kvale	Pfeifer	Woodrum

So the motion to recommit was lost.

The following pairs were announced:

On the vote:

Mr. Withrow (for) with Mr. Wolfenden (against).
Mr. Lambertson (for) with Mr. Wigglesworth (against).

Until further notice:

Mr. Smith of Connecticut with Mr. Cooper of Ohio.
Mr. Cary with Mr. Treadway.
Mr. Bulwinkle with Mr. Dirksen.
Mr. Cochran with Mr. Goodwin.
Mr. Oliver with Mr. Marshall.
Mr. Dies with Mr. Short.
Mr. Woodrum with Mr. Thomas.
Mr. Steagall with Mr. Perkins.
Mr. Rayburn with Mr. McLean.
Mr. Parks with Mr. Hess.
Mr. Miller with Mr. Carter.
Mr. Mansfield with Mr. Hartley.
Mr. Bankhead with Mr. Doutrich.
Mr. Boland with Mr. Guyer.
Mr. Cross with Mr. Gearhart.
Mr. Disney with Mr. Burdick.
Mr. DeRouen with Mr. Kvale.
Mr. Romjue with Mr. Werner.

Mr. Farley with Mr. Kennedy of New York.
Mr. Hancock of North Carolina with Mr. O'Malley.
Mr. Celler with Mr. Murdock.
Mr. Lamneck with Mr. McClellan.
Mr. Ayers with Mr. Lloyd.
Mr. Darden with Mr. Montet.
Mr. Chandler with Mr. Beiter.
Mr. Lea of California with Mr. Brennan.
Mr. Larrabee with Mr. Carden.
Mr. Dear with Mr. Lee of Oklahoma.
Mr. Pfeifer with Mr. Duffey of Ohio.
Mr. Sandlin with Mr. Healey.
Mr. Gassaway with Mr. Quinn.
Mr. Weaver with Mr. Rabaut.
Mr. Underwood with Mr. Sanders of Louisiana.
Mr. Gambrill with Mr. Russell.
Mr. Fulmer with Mr. Sweeney.
Mr. Sumners of Texas with Mr. Hennings.
Mr. Gasque with Mr. Sisson.
Mr. Berlin with Mr. Claiborne.
Mr. Lewis of Maryland with Mr. Dunn of Mississippi.
Mr. Montague with Mr. Buckley.
Mr. Brooks with Mr. Brown of Michigan.

Mr. KELLY and Mr. FREY changed their votes from "aye" to "nay."

Mr. KNUTSON changed his vote from "nay" to "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the bill was passed.

On motion of Mr. VINSON of Georgia, a motion to reconsider the vote whereby the bill was passed was laid on the table.

The SPEAKER. The Chair will state to the House that under the special order exercises in memory of the late Speaker Henry T. Rainey will begin in a few moments. Members are requested to remain in their seats.

GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

The SPEAKER laid before the House the following announcement:

Pursuant to the provisions of the act approved May 23, 1928 (45 Stat. 723), as amended by the act approved February 28, 1931 (46 Stat. 1459), the Chair appoints the gentleman from Ohio [Mr. BOLTON] to fill the vacancy on the George Rogers Clark Sesquicentennial Commission.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BROOKS (at the request of Mr. BOLAND), indefinitely, on account of illness.

To Mr. OLIVER (at the request of Mr. HILL of Alabama), indefinitely, on account of illness.

To Mr. SADOWSKI, indefinitely, on account of illness.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 67. An act to repeal certain laws providing that certain aliens who have filed declarations of intention to become citizens of the United States shall be considered citizens for the purposes of service and protection on American vessels;

H. R. 2204. An act for the relief of Robert M. Kenton;

H. R. 2422. An act for the relief of James O. Greene and Mrs. Hollis S. Hogan;

H. R. 2466. An act for the relief of John E. Click;

H. R. 2553. An act for the relief of Eva S. Brown;

H. R. 2683. An act for the relief of Henry Harrison Griffith;

H. R. 4448. An act to provide funds for acquisition of a site, erection of buildings, and the furnishing thereof for the use of the diplomatic and consular establishments of the United States at Helsingfors, Finland;

H. R. 4798. An act to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army;

H. R. 5456. An act relating to the powers and duties of United States marshals;

H. R. 5564. An act for the relief of Capt. Russell Willson, United States Navy;

H. R. 5720. An act to amend the National Defense Act of June 3, 1916, as amended;

H. R. 6371. An act to authorize an increase in the annual appropriation for books for the adult blind;

H. R. 6437. An act to amend Private Act No. 5, Seventy-third Congress, entitled "An act to convey certain land in the county of Los Angeles, State of California";

H. R. 6987. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 7 meets Texas Highway No. 87;

H. R. 7081. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.;

H. R. 7781. An act to define the election procedure under the act of June 18, 1934, and for other purposes;

H. J. Res. 26. Joint resolution requesting the President to proclaim October 9 as Leif Erickson Day;

H. J. Res. 27. Joint resolution providing for extension of cooperative work of the Geological Survey to Puerto Rico;

H. J. Res. 204. Joint resolution authorizing the erection of a memorial to the late Jean Jules Jusserand;

H. J. Res. 285. Joint resolution to permit the temporary entry into the United States under certain conditions of alien participants and officials of the National Boy Scout Jamboree to be held in the United States in 1935; and

H. J. Res. 320. Joint resolution to extend from June 16, 1935, to June 16, 1938, the period within which loans made prior to June 16, 1933, to executive officers of member banks of the Federal Reserve System may be renewed or extended;

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2591. An act for the relief of Lyman C. Drake.

MEMORIAL EXERCISES FOR THE LATE HENRY T. RAINEY

Mr. SABATH took the chair as Speaker pro tempore.

The SPEAKER pro tempore. Under the special order of the House, the Chair will recognize the gentleman from Illinois [Mr. LUCAS].

Mr. LUCAS. Mr. Speaker, when the Seventy-third Congress convened America was at the crossroads, facing the most momentous problems of state in all of her peace-time history. In this crisis the Members of that House selected HENRY T. RAINEY, of Illinois, as their Speaker. As the presiding officer in that era of conflicting economic theories, this veteran of many a legislative battle met every test of leadership with malice toward none and with charity for all. It was indeed a blow to the Nation when he was boldly challenged by the grim specter of death and soon thereafter was summoned to a conflict from which no mortal may triumph.

America has always paid homage and fealty to the memory of the dead. America believes in perpetuating the deeds of those who in life were good and great. Death has no right to wrap its cloak of oblivion around a leader, who, through many years of public life, commanded the utmost respect of this Republic. It is for the living to combat the eternal shroud of death by frequently speaking and properly recording words of praise and admiration for distinguished citizens who were ever faithful to public trust. It is for the living to keep alive the achievements of HENRY T. RAINEY so that the future may understand that—

His life was gentle and the elements so mixed in him
That Nature might stand up and say to all the world,
"This was a man."

It was the gentle elements of his noble life which permitted him for a quarter of a century and more to live with fame in this old, stately Hall. It was those manly attributes, coupled with his long service and experience, which permitted him to scale the heights and reach the exalted position of Speaker.

It is that long period of devoted public service which directs my attention to the interesting past. Let us conjure upon the grave responsibilities and duties of American leadership from our inception as a nation in keeping the Ship of State from being surreptitiously dashed against the rocks in the many treacherous storms. Let us remember that this Hall of antiquity bears mute testimony to the inexorable

tread of those statesmen, who, with fidelity and candor, eagerly embraced every opportunity to place a perpetual crown upon the great principles of self-government. This fleeting moment recalls the actors in patriotic drama who walked these aisles, sometimes calm, sometimes in storm, and sometimes in compromise, invoking the doctrines of political philosophy which either nurtured, tested, or sapped the lifeblood of the Nation. Upon this altar of representative government was delivered the golden key to political wisdom and mental toil, as Webster, Clay, Lincoln, Douglas, Calhoun, and hundreds of others of lesser importance, but equally loyal and earnest, poured forth their burning eloquence in their conception as to what should be done in order that the free institutions of America might endure forever. These dominant characteristics of American life were not conceived in the skyline of yesterday, but were born from the sea shells of oppression and tyranny in the long ago. The noble deeds and virtuous thoughts of those who championed constitutional liberty have molded the opinions and guided the way for the greatest race of people upon the face of the earth. God forbid that evolution or revolution shall ever destroy the basic and fundamental principles of the Constitution. And when American historians of liberty shall meet on the day of judgment, may they be able to say to one another, "Well done, thou good and faithful servants."

I proclaim it a mark of greatness for a mighty people to honor the mighty dead. It is the voice that is still which resounds through the ages. It is the voice of the patriots of yesterday who gave their best in peace and war which causes the American people to gird their loins and carry on for God and country. What a privilege for us, the living, to pause and pay a brief tribute of affection and remembrance to one who for 30 years as a Member of this House matched his intelligence and enthusiasm with the Nation's best in promoting principles of government which he honestly believed to be in keeping with the best interests of his America.

HENRY T. RAINEY, by inheritance and training, was bound to explore new and untrodden paths. Coming from a pioneer stock of courage and daring, he had an unquenchable thirst for the better things in life. As a student in the fields of literature and art at Knox College and Amherst, he became a master of the ancient and modern classics. He was next fascinated by the arts and science of law, and, after graduating from Union College in Chicago, he returned to the city of his birth and immediately embarked upon a legal career which ultimately carried him to the mountain's peak in public life. He knew the principles of equity; he knew the principles of law; he always wanted to know the facts; he sought the reason for everything, and in those early days of mental expansion he took little for granted. As master in chancery of Greene County, he showed a remarkable talent for plumbing the depths of all legal foundations before him. This studious attitude made him a power in the court room, but he was even more successful in the courts of review because of his clarity and style of expression as well as his familiarity with the stream of legal authorities which were applicable to the facts before him.

In November 1902 Mr. RAINEY was elected to the Fifty-eighth Congress. He served continuously until his death, except in the Sixty-seventh Congress, when he was defeated in the "Harding landslide" by a few hundred votes. Removal from private to public life did not alter his conception of duty well done, and, as a Member of this House under seven different Presidents, he leaves a record which has seldom been equaled or surpassed in the annals of legislative history.

Those accomplishments are well known throughout the Nation. His service on the Committee on Labor during his early years in Congress, and at the beginning of the mechanized era which brought with it the multifarious problems involving machines and human labor, gave him an opportunity to express and to put into effect many of his principles upon one of the most important questions of the day. He was a leader in all of the fights for the rights of laborers, and he worked with the pioneers in the movement to give to labor the position it justly deserves in this land of the free. And throughout all his years of public life he gladdened the

hearts of humanity by his firm and consistent defense of the man who toils.

Later his service on the powerful Ways and Means Committee gave him even greater opportunity to uphold the rights of the oppressed and to assail special interests, which he abhorred. He courageously challenged the right of the privileged few to reap unjust benefits or collect exorbitant profits at the expense of the masses. The positions which he took on the questions of tariff and taxation many years ago, when he was, as expressed in his own words, "as a voice crying in the wilderness", have since been upheld and many of his principles adopted as the fundamentals of sound economics. His education, his experience, his capacity for sound reasoning, and his magnificent ability to comprehend all angles of these technical and weighty problems rendered him peculiarly adapted for service on the leading committee of the House of Representatives. For more than 20 years he studied these far-reaching economic problems, always fighting for what his judgment and his conscience told him was right, though frequently alone and in the face of great odds. The fruits of his labors in these battles are a valuable contribution to his country.

HENRY T. RAINEY was an honest man, with the courage of his convictions upon all public questions. He had determination and character. He had no time for the political clown or the designing demagogue. He detested sham and hypocrisy in every form, and during his long tenure of office the breath of scandal never touched his garment, nor was the finger of suspicion ever leveled against him. He was always pleased to hear from his constituents, and every opinion advanced was given a respectful hearing. His friends were legion, and in the Twentieth Congressional District of Illinois, which he represented so faithfully, his name is intricately interwoven into the life fabric of every household. He was endowed with a native genius which gave him a sympathetic understanding of human beings. He was known as a commoner, and was ever solicitous and intensely interested in the welfare of others. In the later years of his life he resided on a farm on the outskirts of the city of Carrollton, and, obviously, the farmer's problems were the special object of his tender solicitude. His home was his castle, and his constituents and friends were always received and treated with the utmost consideration. He never failed in his long career to answer a letter of importance or an inquiry of interest properly addressed to him.

Such was the type of a man who died in the evening of life and at the zenith of his career. And when the hands of the Almighty touched his eyelids into eternal sleep we knew that a scholarly and kindly man had left us.

The Nation's sympathy was extended to his intellectual and lovable widow. She had traveled constantly by his side in the vehicle of his life's ambition, but death changed the course of their companionship. And today Mrs. Rainey lives alone in her beautiful home by the roadside, completely surrounded by unique and interesting memories of her late husband.

The funeral rites were marked with simplicity but gave voluminous testimony to the love Illinois and the Nation bore for this picturesque man. Twenty thousand strong the friends of this beloved citizen came, from the President of the United States down to the meek and humble. They came as a sincere mark of recognition to the memory of one who in life was good and great. They came to register a last and final, affectionate farewell.

Today the canopy of heaven spreads its benevolent base over the peaceful remains of this immortal man. But the undying spirit of his useful life has not been taken from us. That spirit is a living force of national power pleading in this great emergency that the citizens of this Republic cling tenaciously to the Ship of State. The undying spirit of RAINEY remembers with admonition the words of Longfellow:

Sail on, O Ship of State!
Sail on, O Union, strong and great!
Humanity with all its fears,
With all the hopes of future years,
Is hanging breathless on thy fate!

Yes, sail on, sail on, O Ship of State. [Applause.]

The SPEAKER pro tempore. The Chair recognizes the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, we pause for a few minutes in a hectic and difficult legislative session that we may pay tribute to a beloved colleague, a great statesman, and, above all, a man in the fullest sense of the word.

To know the late HENRY T. RAINEY was to love him. Picturesque and impressive he was, with his flowing white hair and his kindly face, which fairly radiated the kindness he showered upon all.

It is not necessary for one to agree with the policies he fervently and honestly advocated to appreciate the great contribution he made to the historical pages of this House and of the American Republic. He entertained strong views on many economic questions and he was always a ready and warm advocate of his convictions. In sunshine and in storm, he steadfastly voiced his honest sentiments, and the CONGRESSIONAL RECORD of 30 years teems with his philosophy of government.

His rise to high position was not meteoric. It came only after years of conscientious and patient toil. He was always contented to do well and unostentatiously the day's work. Quietly and efficiently, he performed the many tasks which were assigned to him, winning as he went along the confidence of his associates. Finally, there came a day when his party was intrusted with the responsibility of the control of legislation. Leaders were needed, and instinctively his associates turned to the towering statesman from the great Prairie State of Illinois: First as floor leader and then promotion to the Speakership of the greatest legislative forum in all the world. It was a high honor and, at the same time, a grave responsibility, in one of the most trying periods in our history.

This historic forum in the 2 years he served as Speaker echoed and reechoed with many imperishable debates which made real history. Partisanship at times rose to high heights, and the exchanges were sharp and bitter. As one who is not of his party; as one who differed sharply with him on many occasions, I can safely say, and in doing so I am sure I voice the sentiments of all who were in the opposition, that he filled his great office with dignity and impartiality. He never forgot that in legislative bodies the minorities have certain rights which it is essential to protect, if we are to have a democratic form of government.

HENRY RAINEY was true to the noble traditions of his great office. He served loyally his party, and he gave justice and fair play to every single Member of the House regardless of his party affiliation. It was his devotion to his country and his absolute fairness which won for him the high esteem of all.

My own State of Massachusetts was ever proud of its contribution to the career of the Illinois statesman. It was at Amherst, that splendid little college at the foot of the Berkshire Hills, where he formed his philosophy of government. The atmosphere of this small town college gripped HENRY RAINEY, as it did many others who went out from Amherst to win the highest honors in the political, business, and civic life of our Nation. It is with pride Massachusetts recalls its part in the making of this great statesman.

It is not my purpose to proclaim in detail his fine record and his many notable achievements. They have all been recorded here—in this legislative body which he loved and cherished. That record will perpetuate his memory long after we, who honor him today, have departed to tread the unknown paths of life which are ahead.

Speaker RAINEY has gone from this world, but yet he still lives in the fond memories of his associates. A good life, like a good deed, never dies. It goes on to the end of time, influencing mankind to strive for the higher ideals of life and to bring to the world a nobler civilization.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Illinois [Mr. ARNOLD].

Mr. ARNOLD. Mr. Speaker, I would be, indeed, remiss in the debt of gratitude I owe to the distinguished man we honor here today should I fail to express a few words on this occasion. It is quite fitting and proper that we turn aside

from the business of the hour and spend a short period in commemorating the life, character, and public services of this outstanding man of Illinois.

HENRY T. RAINNEY was elected 15 times as a Member of this House. He would have rounded out 30 years of active, fruitful service in this body had his life been spared to the end of the Seventy-third Congress. During his long, active career he became a veteran in many a hard-fought battle in political campaigns and in this forum. His adversaries realized that in him they had a worthy foe, who knew no surrender of the principles he deemed right and just. He was elevated by his colleagues to the highest position of honor, trust, and confidence within their gift. Whatever his lot or station in life, he was found fighting the people's battles.

During his long, memorable career, by his fairness, by his aggressiveness, by his ability, he won and held the respect and esteem of friend and foe alike.

Mr. RAINNEY was, indeed, a friend to me, as I believe he was to every man who served in these Halls with him. My contacts and association with him were intimate and most pleasant. I will ever cherish his memory for the many kindnesses and favors shown me.

Always willing and ready to aid and assist when within his power, he endeared himself to all with whom he came in contact. Quiet, soft-spoken, unassuming, suave, and courteous, he naturally appealed to his fellow men. I do not believe he ever knowingly deceived or betrayed any man. He was ever faithful to the high ideals and service to which he devoted himself from early life.

His great heart beat in sympathy with the mass of the American people. He was thoroughly imbued with the Jeffersonian principles of equal rights to all and special privileges to none. He would not swerve from those principles in calm or storm. His long service here was marked with a devotion to that principle and to a furtherance of all things that tend to make life more pleasant and happy for the rank and file of our people. Slow to ire, calm and deliberate in approaching all public questions, when once aroused he was like a lion in a fight; and he fought to the finish, showing no quarter to the interests he deemed subversive to the happiness and prosperity of mankind.

By instinct, by training, and by experience, with a great humanitarian heart, he measured his course by the yardstick of the general welfare of the people of America.

While at the height of his fame as Speaker of this body, the highest honor that can be conferred upon any Member by our colleagues, while his star was yet in the ascendancy he unexpectedly passed on to the Great Beyond. The final chapter has been written. The record of his life is now a closed book, but those who scan its pages in memory will be impressed by his ability, his honesty, and sincerity of purpose. Who is there who knew him well but can truthfully say the world was made better by his presence here?

He left a heritage of a life well spent, of deeds well done. His unexpected passing in these dark hours of our country's existence was a distinct loss to the country. His wise counsel and advice, his matchless and sincere leadership, his eloquence, are needed in these hours of turmoil and stress. He is gone but the memory of his life, character, and deeds well done live on. His character and public service is an inspiration to those who follow.

In after years, when the events of this period are recorded in the book of history and the roll of outstanding Americans is inscribed on its pages, the name of HENRY T. RAINNEY, beloved son of Illinois, will be found written there, well up on the list of noble and distinguished patriotic American statesmen.

The SPEAKER pro tempore (Mr. LUCAS). The Chair recognizes the gentleman from Pennsylvania [Mr. SNYDER].

Mr. SNYDER. Mr. Speaker, on my first visit to Washington, after being elected to Congress, I found myself over here in the Speaker's office, opposite the table of HENRY T. RAINNEY. After 10 minutes of conversation I left that office an inspired man. He never asked me to support him for Speaker. While there, he never referred to the Speakership. There was that

something about HENRY T. RAINNEY, that personality, which set him apart and made me feel when I had left that I had sat at the feet of not only a scholar but a statesman and a Christian gentleman. My contacts with him in the weeks and the year or two that followed justified my belief. The more I saw of HENRY T. RAINNEY and his activities the more I was convinced that HENRY T. RAINNEY truly was a great humanitarian. He was always dependable; he was always courageous in fighting for those things which stood for the common good of all humanity.

Late one afternoon as we were traveling by airplane toward my home in Pennsylvania we ran into a rather rigorous snow-storm in crossing the mountains. It grew fiercer and fiercer. The pilot climbed higher and higher until we reached an altitude of almost 8,000 feet to escape the storm. Suddenly, as if by magic, we came out into the sunlight in the late evening; and yonder in the West was the most beautiful sunset I had ever seen. Mr. RAINNEY, sitting right across the aisle, leaned toward me and said, "That was very rough." I was going to say something in reply, but he took my attention from my own thoughts when he exclaimed, "Look at that beautiful sunset!" We drifted slowly, calmly, in silence. No one said anything as we floated into that airport, crawled into the automobile, and started toward my home. As we set out a great and beautiful star shown in the twilight. I said, "Mr. RAINNEY, that sunset and this star remind me of Tennyson's Crossing the Bar. Like a flash, he repeated these lines of that immortal poem:

Sunset and evening star,
And one clear call for me!
And may there be no moaning of the bar,
When I put out to sea.

Twilight and evening bell,
And after that the dark!
And may there be no sadness of farewell,
When I embark.

But there was a sadness throughout this Nation when HENRY T. RAINNEY embarked. Members of Congress and his friends were sad because of the loss of his fellowship, his guidance, and his inspiration. The masses throughout the Nation were sad because they had confidence in HENRY T. RAINNEY as a leader. His beloved wife and his family were sad because that vacant chair could not be filled.

In closing, let me remind you that there is always a silver lining back of every cloud. All groups were glad in the thought that HENRY T. RAINNEY had left his home, his community, his State, his Nation a better place in which to live because of his unselfish efforts in behalf of the fundamental principles of humanity. Those of us who were fortunate enough to know the real humanitarian, HENRY T. RAINNEY, will always think of Sir Thomas Moore's beautiful lines when his name is mentioned or his deeds are recalled.

Long, long be my heart with such memories filled!
Like the vase in which roses have once been distilled;
You may break, you may ruin the vase if you will,
But the scent of the roses will hang round it still.

Mr. BYRNS. Mr. Speaker—

The SPEAKER pro tempore. The Chair recognizes the gentleman from Tennessee.

Mr. BYRNS. Mr. Speaker and fellow Members, I wish to say just a few words in simple heart-felt tribute to the memory of my good friend, HENRY RAINNEY.

When on August 20 last year word was flashed over the Nation that HENRY RAINNEY had passed away, there was no one who had ever served with him in Congress during the more than 30 years of his able and splendid service, there was no one who ever knew HENRY T. RAINNEY who did not feel a deep sense of personal loss. Those of us who were Members of the Seventy-third Congress will remember that when less than 2 months preceding his death he closed this Congress, he seemed to be and was in the full vigor of health, and no one ever dreamed that in so short a time HENRY T. RAINNEY would have passed to his reward.

He was a personal friend of mine. I loved him, as you all loved him. He was a Member of Congress when I first came here, and had served for several terms. Two years after I came here the House became Democratic, and HENRY RAINNEY

was a member of the powerful and important Committee on Ways and Means. He had already attained a place of leadership in the House and had the confidence and respect of Members on both sides of the aisle.

If I may indulge in a personal reminiscence, may I say that I remained over after Congress adjourned on March 4, with the understanding that a new Congress would be convened in April, to interview the Democratic Members of the Ways and Means Committee and to seek their support for a committee assignment which I coveted. I had the outspoken support of nearly every Democratic member of the Committee on Ways and Means. I talked to Mr. RAINEY about the matter. He gave me no indication as to just how he felt about the matter, but on the day the committee met in executive session to frame the membership I happened to meet him after the adjournment of the committee, and he stopped me and was the first to congratulate me. He said, "Joe, I am happy to tell you that you have been made a member of the Appropriations Committee." I thanked him, and I said, "Would you mind telling me how the vote stood?" He said, "Certainly not. It was unanimous, and I was delighted to propose your name."

He and I were close friends from that time on. He honored me with his friendship, and I tried as best I could to deserve it. He was able; he was courageous in his views; he was a progressive in the truest and best sense of the word. He loved his country and he took the greatest pleasure in attempting to serve it according to his convictions and his ideas as to what was best for the country.

May I say that when he was candidate for Speaker, when the time came it was my pleasure to give him my vote and to nominate him in the Democratic caucus. I did so because I knew the man, because I admired his honesty, his courage, his love of the people, and his love of his country, to which he gave the greater portion of his life during the thirty-odd years he served here in the House of Representatives.

The philosophy of his life was to serve. He loved to serve the individual. He liked to be able to do something for somebody. It was hard for HENRY RAINEY to say "no" to anyone, although he had the courage whenever he felt it was necessary to say "no" to say it and mean it. After all the philosophy which carried HENRY RAINEY through his years of splendid service here is the philosophy, I am sure, that all of us without exception entertain. There is nothing like the service we come here to render. We labor day by day. We have our differences about legislation, but after all I love to think and to know that the Members of this House, not only in this Congress but in all previous Congresses in which I have served, have been actuated by a spirit to serve their country and devote themselves to the passage of those measures which in their judgment they feel to be for the best interest of this great country in which we live.

HENRY RAINEY has passed away. He has passed over to the reward which he so well deserved. But he has left behind him, with you and with me and with those whose privilege it was to know him, a record, an example of service, which it would be well for all of us to emulate.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I had the great honor and privilege to have served longer with HENRY T. RAINEY, the late Speaker of the House, than any other Member of the House.

From my youth I admired HENRY T. RAINEY and those things for which he fought and stood. I came to the Sixtieth Congress, and at that time the Republican Party was in power and represented by some very great men on that side. Although I am obliged to make the statement today, notwithstanding the great reputation that these great men had and perhaps the "big four" enjoyed, I honestly believe that we have today in the House, and on the Republican side, just as great men and just as good Republicans as I found when I entered the House.

We in this country love to give credit to those who have departed and to those who have served before. I know in years to come it will be said of us, and this Congress, that

it was composed of efficient, able, loyal, and patriotic men, all endeavoring to serve the Nation to the best of their ability.

The lot of the Democrats when I first came here some 28 years ago was not quite as pleasant as is the lot of the minority today. At that time the House was presided over by one of the greatest Republicans that ever presided over the House, the renowned, departed Uncle Joe Cannon, who had complete and full power to do as he pleased. He named the members of the committees, both on the Republican and Democratic sides. It was said of him that he was the czar of the House, and he was.

Within a few days after the start of my service I observed the man whom we are honoring here today resenting and smarting under that one-man control. Within a few days I observed him and Champ Clark, Shackleford of Missouri, and a few others start a fight for recognition of the minority, and it was due to his great effort that you gentlemen of the minority enjoy the great privileges that you enjoy today and which we as the minority of nearly 30 years ago were deprived of.

The House and the country have been benefited by the service which HENRY T. RAINEY rendered to the House and to the country.

I hope that gentlemen who have known him will emulate his work and follow in his footsteps. I would wish we had more HENRY RAINEYS, courageous, unafraid, determined to fight for the rights of mankind and to fight for the oppressed and the masses who always, and even at this time, need a man of RAINEY's character to battle for their interests and to secure for them the rights and privileges which are often denied them.

Mr. Speaker, indeed, perhaps more than anyone else, I deplore his going. I was extremely honored in having the privilege of aiding in his work here in the House and to some extent in aiding to bring about his election to the speakership.

If I never have an opportunity to serve my country in any other way in this House, I shall always believe I have rendered the Nation and the House a service in having aided, and cooperated with, this great statesman, this great patriot, this great American, HENRY T. RAINEY.

Mr. Speaker, if a stranger had been in the city of Carrollton, Ill., on the morning of Wednesday, August 22, 1934, he must have observed that something out of the ordinary was taking place.

Groups of men were standing about the streets conversing in low tones and in every countenance there was an expression of sadness. As the day advanced the size of the crowds increased. By midday thousands of persons had assembled.

Carrollton on that day was a grief-stricken city. The stranger might have sensed the reason in the presence of many American flags, each at half mast, and in a large sign, which read "Carrollton, home of Speaker HENRY T. RAINEY", heavily draped in black.

Carrollton had sent HENRY T. RAINEY, more than a quarter of a century previously, to the Halls of Congress because it had believed in him, and throughout all the long years since he had proven true to the trust that had been reposed in him; and now he had come back to them in death.

The thought that occurred to me when I visited the little city of Carrollton on the day of the funeral was that it would be a mistake to conclude that this great throng of people had gathered to pay homage to HENRY T. RAINEY simply because he had been a Member of Congress or even because here he had risen to the high office of Speaker.

It seemed to me that there was something deeper than his official position that had so genuinely touched the hearts of these people. It was, I thought, that they were mourning for the HENRY T. RAINEY who had been their lifetime friend and fellow townsman. For HENRY T. RAINEY had been very close to these folk. He had lived among them as a neighbor all his life. He was born in Carrollton, and in its public schools received his precollege education, and later, after he had graduated from college, it was here he had opened his law office and practiced before the bar.

And it was here he had brought his talented young bride, Miss Ella McBride, of Harvard, Nebr., following his marriage on June 27, 1888. So it was not strange that the throngs gathered in Carrollton on the day of the funeral of our beloved Speaker were mourning not only their Congressman but in the case of hundreds of them their boyhood companion, their lifetime friend, and their ever faithful, courteous, and sympathetic counselor in time of trouble, adversity, and sorrow.

The death of HENRY T. RAINEY was a loss not only to his own city of Carrollton, his congressional district, his State, and to this House, but to the entire Nation as well. Said President Roosevelt, referring to the death of Speaker RAINEY:

It must always be an occasion of national regret when a public servant who has given the greater part of his life to unselfish service passes away. This is especially true in the loss of Speaker RAINEY at a time when the experience of many years has culminated in his unselfish leadership of the Nation's House of Representatives. I shall always think of him as a humanitarian whose fine patriotism thought first of all of what he conceived to be the well-being and the interests of the common man.

To myself personally the news of the Speaker's death came as a great shock and a great loss. I had known him intimately for nearly 40 years. I met him during the course of the great battle of democracy of 1896, and from that time on had worked shoulder to shoulder with him for progressive democracy in the State of Illinois.

When I was sworn in as a Member of the Sixtieth Congress, in 1907, I found that our late colleague, who had preceded me here by 4 years, had, although still a comparatively young man, already won recognition as a courageous and militant fighter for democracy.

I recall as if it had occurred but yesterday his fearless exposé of certain officials who were using the building of the Panama Canal for their own selfish benefit. As a result of his efforts conditions surrounding the building of the Canal were greatly improved. He started this reform movement in 1908 and kept hammering away until he finally succeeded in obtaining a congressional investigation. The entire Nation profited by his efforts, and RAINEY thus early had made a reputation for himself.

By 1920 RAINEY had obtained a very prominent position in the House as a member of the Ways and Means Committee, and then, through one of those unexplainable landslides that sometimes occur in politics, the country was deprived of his services. I considered RAINEY one of the best posted men in the House at that time on the subjects of tariff and revenue laws, and as I felt absolutely certain that he would be returned to Congress at the first election following his single defeat, I made an endeavor to have his rank on the Ways and Means Committee retained for him when he should come back to the House. Long-established precedents in matters of this kind prevented my success in this undertaking, but I cite the incident to indicate the confidence I had in RAINEY and the confidence I had in the good sense of his constituents. And subsequent developments showed that I was right.

Mr. RAINEY was reelected, and in due time became Chairman of the Ways and Means Committee.

With the election of Speaker Garner to the Vice-Presidency came RAINEY's chance for the Speakership. I felt that due to his long and splendid service and his position as majority leader he was entitled to the office. And naturally I was glad of the opportunity to be of some slight service to my long-time friend and coworker, and did what I could to help him obtain the highest office within the gift of this House, and one of the most honored and responsible parliamentary positions on earth. And I feel confident that even my Republican colleagues will agree with me that while Speaker RAINEY was a staunch Democrat first, last, and always, he was conscientiously fair and impartial as a presiding officer. Sometimes he "leaned backward", seemingly, to see that no injustice was done our Republican brethren.

In legislative matters Speaker RAINEY was a staunch supporter of President Roosevelt. I know that at times he was not in full accord with legislation that was recommended. But his loyalty to the administration and his desire for har-

mony were so great he submerged his own views and thus made possible the speedy enactment of the most important and far-reaching legislation ever enacted in such a short space of time in the history of the Nation.

As a political leader, RAINEY was well-balanced, tolerant, patient, and careful. And as a party Democrat, always he kept the faith. During the darkest days of the depression he viewed the situation calmly. He always said that he relied upon the initiative and courage of the people to pull the country through.

He often spoke in homely figures of speech. Once, when he was majority leader, he gave his philosophy on taxes in these words:

The ideal way to raise money is to get the most feathers with the least squawking of the goose.

Speaker RAINEY's heart beat in sympathy with the hopes and ambitions of the plain people from whose ranks he sprang. For more than a quarter of a century he stood like a sturdy oak on this floor espousing the cause of men, women, and children. I observed that whenever the line was drawn here as between the forces of special privilege, on the one hand, and the welfare of all the people, on the other, HENRY T. RAINEY, without hesitation and without apology, took his place on the side of that vast majority that Mr. Lincoln loved to call the plain people.

Of him it may well be said what the angel spoke to the wise man of the Far East:

Abou Ben Adhem (may his tribe increase!)
Awoke one night from a deep dream of peace,
And saw, within the moonlight in his room,
Making it rich, and like a lily in bloom,
An angel writing in a book of gold:
Exceeding peace had made Ben Adhem bold,
And to the presence in the room he said,
"What writest thou?" The vision raised its head,
And with a look made of all sweet accord,
Answered, "The names of those who love the Lord."
"And is mine one?" said Abou. "Nay, not so",
Replied the angel. Abou spake more low,
But cheerily still, and said, "I pray thee, then,
Write me as one that loves his fellowmen."
The angel wrote and vanished. The next night
It came again with a great awakening light,
And showed the names whom love of God had blessed,
And lo! Ben Adhem's name led all the rest.

As we all know, Speaker RAINEY personally was a most affable and kindly man, considerate and courteous to all. He was fiery only when challenged in debate on the floor. Once he had concluded his remarks, any bitterness of the moment was immediately forgotten, and he was once more the mild-mannered, kindly man we knew and loved so well. In the early part of my career, particularly, I was much in his company. It was our regular custom to go hiking together on Sundays. There were few woods or parks in or near Washington that we were not familiar with. It was his custom to have a pedometer attached to one of his ankles to keep accurate account of our mileage, which would average 8 or 10 miles. As RAINEY had been quite an athlete in his college days and was always in excellent physical condition, these 8- and 10-mile walks were a little hard on me, sometimes much to RAINEY's amusement.

When the end grew near for our great Speaker, he was calm, just as he had been throughout life. He was ready, for he had lived in accordance with the injunction conveyed in the immortal words of William Cullen Bryant in *Thanatopsis*:

So live, that when thy summons comes to join
The innumerable caravan, which moves
To that mysterious realm, where each shall take
His chamber in the silent halls of death,
Thou go not, like the quarry-slave at night,
Scourged to his dungeon, but, sustained and soothed
By an unfaltering trust, approach thy grave,
Like one who wraps the drapery of his couch
About him, and lies down to pleasant dreams.

Because he served as Speaker in a time of one of the Nation's greatest crises, and kept his head, it is my belief that the name of HENRY T. RAINEY will go down in history as that of one of the great Speakers of the House. For as we look back at him in retrospect he looms in stature like some stal-

wart tower upon the sea. When he died, he left, to quote Markham's great line—

A vacant place against the sky.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Texas [Mr. LANHAM].

Mr. LANHAM. Mr. Speaker, this is an hour devoted to tender memories. It is one in which our hearts unite in one sentiment and one sympathy. It is devoid of partisanship and of sectionalism. It is inspired by our desire to express our affection and esteem for a most able and patriotic American with whom it was our pleasure to serve.

In my reflections I am not concerned today with the place of Mr. RAINNEY's birth. The site of one's birth one does not control. It was his distinction to represent ably in these Halls a wonderful Commonwealth. This country of ours has need of all its sections. The body politic requires all its members, as does the body physical, and one outstanding feature of him whose memory we seek to honor today was that he was a broad-minded American who saw our country throughout its bounds and knew the needs of our people of every class.

Nor am I thinking just now specially of his preeminent record as a statesman. Robert Burns was right when he said:

The rank is but the guinea's stamp,
The man's the gowd for a' that.

As our colleague, we remember this genial gentleman today not specially because of his record, of the honors he won and the fame he achieved, but, rather, because he was one of those big men, easy to approach—a characteristic of great men—with whom we had real companionship.

Though he was a powerful factor in the forum, my thoughts go back to him in his office and in the cloak room. I see his picture indelibly outlined in my memory, with that beautiful shock of gray hair, with that loose-flowing tie, and with that smile that gave one a welcome into his heart. He was kind and gracious and companionable. Such things, after all, endear men to us.

I think that in these commonplace touches of life he exemplified that greatness to which men have so eloquently testified here today.

We accord to those with whom we live and labor and who have rendered conspicuous service for their country an earthly immortality. We do not forget them. They live in our thoughts, they influence our lives, and I like to think of that eminent statesman from Illinois in that way. Certainly I feel in my own heart that we have not separated permanently.

In the days long gone by it might have been difficult to have persuaded some pagan of the early centuries that the time would come when one in a room in a large city could speak and be heard across the ocean. But it would not have been difficult to persuade him that men live again. That belief has been a heritage of the ages.

Fortunately our beloved friend, HENRY T. RAINNEY, was spared for a long and useful service. But, as in nature, material things are used when they have reached their maturity, so with reference to His crowning work the God of Nature must have a purpose also when man has attained his maturity.

And so I feel that with hope and with confidence, as we reflect upon the life of this wonderful man and statesman, each of us is saying in his heart:

Good-bye good friend,
In God's good time,
In God's good clime
We'll meet again.
And in that land
Where we shall know
No pain or woe
We'll understand.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker, at this time I shall read the telegram which I dispatched to Mrs. Rainey upon the receipt of the shocking news of the untimely passing away of this distinguished man and friend of ours. At this time I want

to reiterate and reaffirm by the reading of this message the noble devotion and lifetime ideals that at all times governed the career of this illustrious friend of ours. This telegram is addressed to Mrs. Henry T. Rainey and reads as follows:

BUYTRUS, OHIO, August 20, 1934.

Mrs. HENRY T. RAINNEY,
Carrollton, Ill.:

The English language seems inadequate to find words sufficiently expressive to convey to you my deep sorrow and grief. Totally unaware of his illness, the announcement in press dispatches today of the passing of your illustrious husband and my leader and friend was both shocking and stunning. The Nation loses one of the men who restored order from economic chaos, the common people a dauntless champion and protector. Always firm, yet kindly, while in the chair he was respected by all Members and loved and revered by those who knew him best. Commanding in appearance, distinguished in manner, matchless in character, unexampled in courage, unsurpassed in humility, unequaled in magnetic personality, and as true to his friends as the stars to their appointed courses, he was a knight of Nature's nobility. Unquenchable patriotism always transcending base, selfish, or ulterior motives, the sincerity and honesty of his leadership was never questioned. Known as a "commoner", his passing will be felt most keenly by those for whom he labored, namely, the masses of the people. The average individual is but an atom. He is born, he lives, he dies; but not so with HENRY T. RAINNEY. His name and memory will live on perpetual record. He takes his place with those immortal humanitarians whose names, portraits, and statues grace the Nation's Capitol, adorn and embellish the tablets of American history, and whose utterances rush to American lips like songs learned at the mother's knee. His great heart beats on, his noble soul lingers with us, while his deep, resonant voice will ring like sacred music in the slumbering House galleries for the generations yet to come.

CHARLES V. TRUAX,
Congressman at Large.

[Applause.]

Mr. Speaker, the friends of HENRY T. RAINNEY were legion. His acquaintances were not counted within the narrow confines of any congressional district. They could not be bordered by State lines. As the later years rounded out a full life most generously embellished with wisdom and statesmanship, his leadership and sterling worth were universally recognized throughout the world. It was my good fortune to meet Congressman RAINNEY as a fighting, courageous Member of the House of Representatives many years ago. As has been mentioned by the distinguished gentleman from Illinois [Mr. SABATH], Mr. RAINNEY served during those days when the Democrats were not in the majority. I well recall his recital of the years he was compelled to sit on the side lines in Congress and was permitted very generously to be seen but not to be heard.

Well do I remember those dark days for Democrats following the inauguration of Warren G. Harding, the twenty-ninth President of the United States. We needed a two-fisted, hard-hitting Democrat to address a Jackson Day banquet in Marion, Ohio. As State central committeeman for that congressional district, the eighth, it was my duty to secure that speaker. HENRY T. RAINNEY received the invitation and accepted. Never indulging in bitter partisan attacks, he outlined the fundamentals of the Democratic Party as contrasted with those of the Republican Party in such a forceful manner as to win the admiration of all within the sound of his eloquent voice.

It was my distinction and privilege to have been selected by him prior to his election as Speaker of the House of the Seventy-third Congress as one to make a seconding speech in the party caucus. During his term as Speaker he was loved, honored, and respected by all.

Mr. RAINNEY had the simplicity and love for his fellow men possessed by Jefferson, the rugged courage of Jackson, and the common honesty of Lincoln. He enjoyed a distinguished career. He was a lawyer, but during the recesses of Congress preferred to spend his time on his farm. To one born of the soil and who loves the soil, it was only necessary to visit that farm, as I did, to understand why. Not only the abundant acreage of the farm and the generously proportioned yard with the large, spreading shade trees but the old spacious colonial home were strong factors in understanding that preference. After visiting the farm, the barns, the dairy herd, and the fine old home, it was easy to discern why HENRY T. RAINNEY was a commoner. Born and reared in this simple environment, living among the plain people of

his community, he loved them, and he in turn was loved by them.

It has been well said by the Speaker and others that service was the watchword of HENRY T. RAINEY—service to family and friends, service to his constituents, service to his State and his Nation. When the sincerity and honesty of purpose of some were doubted, he was unquestioned—he never faltered. He was ever genuine. He always rang true. Life seems to move by contrast if not by rhythm. The darkness is more opaque because of light; the rose all the sweeter because of the companionship of the lowly dandelion blooming at the side of the dusty, weed-fringed road; and so the nobility of purpose, the lofty devotion to principle, of HENRY T. RAINEY, his unswerving adherence to duty, are appreciated all the more when contrasted with the insincerity, inhumanity, and selfishness of some public servants.

He believed in, espoused, and championed the rights of the common people. He was a staunch defender of human rights as against property rights. He believed in the commonness of human origin, common rights, common duties, common responsibilities, and a common destiny.

Hazlitt says, "No really great man ever thought himself so." So it was with HENRY T. RAINEY. Modesty and humility were his invaluable assets. That brief sentiment of Longfellow when he said, "Great men stand like solitary towers in the city of God" is most fittingly exemplified and perpetuated when speaking of our illustrious and distinguished former colleague.

Mr. PARSONS. Mr. Speaker, I ask unanimous consent that all those who have spoken may have opportunity to revise and extend their remarks, and that any other Members who desire to do so may extend their remarks in the RECORD upon the life, character, and public service of the late Speaker, Mr. RAINEY.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

ADJOURNMENT

Mr. PARSONS. Mr. Speaker, as a further mark of respect to the late Speaker Henry T. Rainey, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 41 minutes p. m.) the House adjourned until tomorrow, Thursday, June 13, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

383. A communication from the President of the United States, transmitting a supplemental estimate of appropriations for the Railroad Retirement Board for the fiscal years 1935 and 1936, amounting to \$35,000 (H. Doc. No. 228); to the Committee on Appropriations and ordered to be printed.

384. A letter from the Acting Secretary of War, transmitting draft of a proposed bill to authorize the Secretary of War to acquire by donation approximately 1,460 acres of land near Valparaiso, Fla.; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HARLAN: Committee on Rules. House Resolution 249. Resolution for the consideration of H. R. 7590; without amendment (Rept. No. 1165). Referred to the House Calendar.

Mr. ROBINSON of Utah: Committee on the Public Lands. S. 1307. An act to establish the Homestead National Monument of America in Gage County, Nebr.; without amendment (Rept. No. 1168). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. S. 578. An act authorizing the Secretary of the Interior to permit citizens of Bear Lake County, Idaho, to obtain timber from Lincoln County, Wyo., for domestic purposes; with-

out amendment (Rept. No. 1169). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. H. R. 109. A bill to provide for the acquisition by the United States of Red Hill, the estate of Patrick Henry; with amendment (Rept. No. 1170). Referred to the Committee of the Whole House on the state of the Union.

Mr. PETERSON of Florida: Committee on the Public Lands. H. R. 2737. A bill extending and continuing to January 12, 1936, the provisions of the act entitled "An act authorizing the Secretary of the Interior to determine and confirm by patent in the nature of a deed of quitclaim the title to lots in the city of Pensacola, Fla.," approved January 12, 1925; with amendment (Rept. No. 1171). Referred to the Committee of the Whole House on the state of the Union.

Mr. PLUMLEY: Committee on Military Affairs. House Resolution 243. Resolution extending the felicitations and congratulations of the House of Representatives to Brig. Gen. Aaron Simon Daggett, United States Army, retired, upon the occasion of his ninety-eighth birthday on June 14, 1935; without amendment (Rept. No. 1172). Referred to the House Calendar.

Mr. CROSSER of Ohio: Committee on Interstate and Foreign Commerce. House Joint Resolution 319. Joint resolution extending the effective period of the Emergency Railroad Transportation Act, 1933; with amendment (Rept. No. 1173). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 7659. A bill to provide that tolls on certain bridges over navigable waters of the United States shall be just and reasonable, and for other purposes; without amendment (Rept. No. 1174). Referred to the Committee of the Whole House on the state of the Union.

Mr. TURNER: Committee on Military Affairs. H. R. 3420. A bill to amend the act entitled "An act to amend an act entitled 'An act to prohibit unauthorized wearing, manufacture, or sale of medals and badges awarded by the War Department, approved February 24, 1923', approved April 21, 1928", so as to include the Navy; without amendment (Rept. No. 1176). Referred to the House Calendar.

Mr. TURNER: Committee on Military Affairs. H. R. 3421. A bill to authorize credit in disbursing officers' accounts covering shipment of privately owned automobiles from October 12, 1927, to October 10, 1929; without amendment (Rept. No. 1177). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. H. J. Res. 120. Joint resolution to provide for the erection of a suitable memorial to the Fourth Division, American Expeditionary Forces; without amendment (Rept. No. 1178). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BEITER: Committee on War Claims. S. 794. An act for the relief of the Bowers Southern Dredging Co.; without amendment (Rept. No. 1166). Referred to the Committee of the Whole House.

Mr. BEITER: Committee on War Claims. H. R. 704. A bill for the relief of Thelbert Davis; with amendment (Rept. No. 1167). Referred to the Committee of the Whole House.

Mr. ANDREWS of New York: Committee on Military Affairs. H. R. 2469. A bill for the relief of Michael P. Lucas; without amendment (Rept. No. 1175). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 8153) granting an increase of pension to Julia Peart, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KING: A bill (H. R. 8452) to provide for the issuance of certificates of citizenship to citizens of the United States residing in the Territory of Hawaii; to the Committee on Immigration and Naturalization.

By Mr. SCHAEFER: A bill (H. R. 8453) to amend the World War Veterans' Act of 1924; to the Committee on World War Veterans' Legislation.

By Mr. SUTPHIN: A bill (H. R. 8454) to regulate computation of percentage of active pay to be paid as retired pay to officers of the Army; to the Committee on Military Affairs.

By Mr. WILSON of Louisiana: A bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes; to the Committee on Flood Control.

By Mr. BLAND: A bill (H. R. 8456) to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection; to create a marine casualty investigation board and increase efficiency in administration of the steamboat inspection laws; and for other purposes; to the Committee on Merchant Marine and Fisheries.

Also, a bill (H. R. 8457) to amend section 13 of the act of March 4, 1915, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion, and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea"; to maintain discipline on shipboard; and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. RAMSPECK: A bill (H. R. 8458) to provide for vacations to Government employees, and for other purposes; to the Committee on the Civil Service.

Also, a bill (H. R. 8459) to standardize sick leave and extend it to all civilian employees; to the Committee on the Civil Service.

By Mr. WHITE: A bill (H. R. 8460) to add certain lands to the Weiser National Forest; to the Committee on the Public Lands.

By Mr. HILDEBRANDT: A bill (H. R. 8461) providing for the conservation of health among Indians (Sioux Sanatorium and employees' quarters, Pierre, S. Dak.); to the Committee on Appropriations.

By Mr. CANNON of Missouri: A bill (H. R. 8472) for the relief of stricken agricultural areas; to the Committee on Appropriations.

By Mr. CONNERY: Resolution (H. Res. 250) providing for the consideration of S. 1958, a bill to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes; to the Committee on Rules.

By Mr. TOBEY: Joint resolution (H. J. Res. 321) granting the consent of Congress to the minimum-wage compact ratified by the Legislatures of Massachusetts and New Hampshire; to the Committee on the Judiciary.

By Mr. WHITE: Joint resolution (H. J. Res. 322) to provide for calling an international monetary conference to establish a stable medium of exchange in the several nations by the use of both gold and silver at stipulated ratio, standardizing the coinage and stabilizing international exchange to facilitate international trade; to the Committee on Foreign Affairs.

By Mr. WOOD: Joint resolution (H. J. Res. 323) proposing an amendment to the Constitution of the United States of America with respect to the powers of Congress, and for other purposes; to the Committee on the Judiciary.

By Mr. HAMLIN: Concurrent resolution (H. Con. Res. 27) to print and bind the proceedings in Congress and in Statuary Hall upon the acceptance in the Capitol of the statue of Hannibal Hamlin, presented by the State of Maine; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. EVANS: A bill (H. R. 8462) for the relief of Robert Bennett; to the Committee on Naval Affairs.

By Mr. GRAY of Pennsylvania: A bill (H. R. 8463) granting an increase of pension to Susanna Calhoun; to the Committee on Invalid Pensions.

By Mr. LEE of Oklahoma: A bill (H. R. 8464) for the relief of Thomas L. Essex; to the Committee on Military Affairs.

Also, a bill (H. R. 8465) for the relief of Zoe A. Tilghman; to the Committee on Claims.

Also, a bill (H. R. 8466) for the relief of S. A. Rourke; to the Committee on Claims.

By Mr. LEWIS of Maryland: A bill (H. R. 8467) granting a pension to Beulah E. Coleman; to the Committee on Pensions.

By Mr. REECE: A bill (H. R. 8468) granting a pension to Mary Johnson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8469) granting a pension to Ophelia Laller; to the Committee on Invalid Pensions.

By Mr. SHORT: A bill (H. R. 8470) granting a pension to Alice L. Stemmons; to the Committee on Invalid Pensions.

By Mr. WELCH: A bill (H. R. 8471) granting an increase of pension to Miriam Glanville Skelly; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8804. By Mr. AMLIE: Petition of the industrial division of the Beloit Commercial Club, urging the defeat of the labor-disputes bill; to the Committee on Labor.

8805. By Mr. BOYLAN: Resolutions adopted by the Medical Society of the State of New York, regarding the Banking Act of 1935; to the Committee on Banking and Currency.

8806. By Mr. BUCKLER of Minnesota: Petition of Arthur N. Barnard, president, and K. G. A. Springer, secretary, of the Civic and Commerce Association of Fergus Falls, Otter Tail County, Minn., praying for opposition to the passage of House bill 5423 (the so-called "Wheeler-Rayburn public-utility bill"); to the Committee on Interstate and Foreign Commerce.

8807. Also, petition of Cyrus A. Field, chairman of the legislative committee of the Civic and Commerce Association of Fergus Falls, Otter Tail County, Minn., praying for the passage of an amendment to the Agricultural Adjustment Act of 1933 which provides that if and when the processing tax on cotton wholly terminates, all persons, including retailers, will be entitled to a refund in the amount of the processing tax previously paid on stocks held on the day of termination of the tax or act; to the Committee on Agriculture.

8808. By Mr. CONNERY: Resolution of the General Court of Massachusetts, memorializing the President and Congress of the United States in behalf of the watch industry and the persons employed therein; to the Committee on Ways and Means.

8809. Also, resolution of the General Court of Massachusetts, memorializing Congress relative to the use of granite in the construction of public buildings; to the Committee on Public Buildings and Grounds.

8810. By Mr. DORSEY: Petition of residents of Philadelphia, Pa., urging active support of House bill 2827, the workers' unemployment, old-age, and social-insurance bill; to the Committee on Labor.

8811. By Mr. KENNEY: Resolution of the town of Bloomfield, N. J., requesting that the proper Federal authorities be urged to retain the Newark Airport as its eastern air-mail terminal; to the Committee on the Post Office and Post Roads.

8812. By Mr. KRAMER: Resolution adopted by Native Sons of the Golden West, urging passage of House bill 2772,

making the 9th day of September of each year a legal holiday for Federal employees in the State of California; to the Committee on the Judiciary.

8813. By Mr. SADOWSKI: Petition of the general committee of immigrant aid at Ellis Island, endorsing the Kerr bill (H. R. 8163); to the Committee on Immigration and Naturalization.

8814. Also, petition of the Foreign Trade Club of Detroit, endorsing reciprocal trade program; to the Committee on Interstate and Foreign Commerce.

8815. By Mr. TINKHAM: Resolutions of the General Court of Massachusetts, memorializing the President and Congress of the United States in behalf of the watch industry and the persons employed therein; to the Committee on Ways and Means.

8816. Also, resolutions of the General Court of Massachusetts, memorializing Congress relative to the use of granite in the construction of public buildings; to the Committee on Public Buildings and Grounds.

8817. By Mr. WELCH: Joint Resolution No. 43 of the California Assembly, relative to memorializing Congress to furnish aid in the construction of check dams in the Salinas River Valley; to the Committee on Flood Control.

8818. By the SPEAKER: Petition of the Ladies Auxiliary Division 6, A. O. H., Utica, N. Y.; to the Committee on the Post Office and Post Roads.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 13, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord, our Heavenly Father, they that wait upon Thee shall renew their strength. We tarry that we may prepare and adjust ourselves to the ever-changing day. Enable us always to cherish the place of prayer; to neglect it is to allow the higher powers of life to droop and languish. However weak the body, keep the mind strong; however severe the day, let the outlook be unclouded. We entreat Thee to free us from any paralysis of indifference which holds captive and deprives the larger life of the spirit. Guard us from that self-will and from that storm of passion which prevent our emancipation. Let the light of a gracious God break through upon our wandering vision that we may comprehend our city with its needs, and may it encircle our country. O let the glory rest upon them and unite us all in confidence, cooperation, and sacrifice. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendment of the House to the joint resolution (S. J. Res. 113) entitled "Joint resolution to extend until April 1, 1936, certain provisions of title I of the National Industrial Recovery Act, and for other purposes", with an amendment in which the concurrence of the House is requested; and agrees to the House amendment to the title.

FORWARD, MR. PRESIDENT

Mr. HILDEBRANDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. HILDEBRANDT. Mr. Speaker, I read in the daily papers with great satisfaction that President Roosevelt is planning to send Congress a special message calling for "far-reaching increases in estate and gift taxes and imposition of Federal inheritance levies."

The article to which I refer said that this program would "tax estates, inheritances, and gifts in this Nation to a greater extent than in any nation in the world, it was believed."

I greet this announcement with much pleasure. I know that it will evoke warm approval from millions of others. America is at the crossroads—the dividing of the ways—and if Franklin D. Roosevelt will really take the initiative in leading us down the highway whose destination is a cooperative commonwealth, his name will be blazoned on the path of the ages for all time as one of humanity's saviors. This step is a tremendously important one. It means a break from the old policy of retention of an evil system and a turn toward better things. By all means let the step be taken. Let other steps be taken as well.

As I have repeatedly pointed out in my remarks in this session of Congress, there must be a fundamental, basic readjustment of our social system. Palliatives are not sufficient. There must be a complete and full cure of the economic disease. I have given my support to many temporary and incidental measures because they offered immediate relief for the suffering, although nobody understood better than I that they were only makeshifts that delayed the inevitable crash—for it is certain that a crash will come if we do not furnish a new social set-up whose objective is the welfare of everybody.

In my comments regarding our President I have uniformly attempted to make clear my personal admiration and respect for this lovable, human, kindly man—unquestionably the most progressive President America ever had. I have also sought to indicate my appreciation of his generous and earnest desire to help the suffering. At the same time, I have endeavored to show that I did not approve of a permanent policy of hand-outs and loans and doles. We cannot go on forever lending and borrowing money, and shifting funds back and forth. We must sooner or later evolve a type of society that can take care of itself—that pays its own way—that provides for the people who are engaged in productive work. Why not face this obligation now? "Eventually—why not now?" Why put it off? Somebody must take the leadership and direct the job? For my part, I would rather see Franklin D. Roosevelt assume that responsibility and receive the credit than someone who is a demagogue and whose motives are purely selfish. Yet the fact remains that we are certain of our destination and we shall undoubtedly reach it—whether led by one man or another.

Ella Wheeler Wilcox, years ago in a beautiful and inspiring poem, said:

No question is ever settled
Until it is settled right.
Though proudly the victor comes
With fluttering flags and prancing nags
And echoing roll of drums,
No question is ever settled
Until it is settled right.

Ella Wheeler Wilcox's words were true. We who have observed the long and patient struggle for social justice and who have tried to aid in bringing about this ideal, believe—in spite of disappointments and discouragement and delays—that "no question is ever settled until it is settled right" and that economic liberation will finally come for our people.

Tlingit and Haida Indians of Alaska

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2756) authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims, and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.